

**NATIONAL SURFACE TRANSPORTATION POLICY &
REVENUE STUDY COMMISSION
FIELD HEARING**

University of Minnesota Twin Cities Campus

McNamara Alumni Center

A.I. Johnson Room

Minneapolis, Minnesota

April 18, 2007

Reported by: Ronald J. Moen, CSR, RMR

CALIFORNIA CSR NO.: 8674

ILLINOIS CSR NO.: 084-004202

IOWA CSR NO.: 495

RMR NO.: 065111

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

COMMISSION MEMBERS

CHAIRPERSON: Mary Peters, Secretary of Transportation

COMMISSIONERS: Tom Skancke, Steve Odland, Rick Geddes,
Patrick Quinn, Maria Cino

1 SECRETARY PETERS: Welcome to the Minneapolis
2 Field Hearing of the National Surface Transportation Policy &
3 Revenue Study Commission, a long name for a commission that
4 we haven't yet come up with a catchy acronym for. But,
5 nonetheless, it's a very important duty that we've been
6 assigned.

7 I'd like to begin by thanking our co-hosts, the
8 University of Minnesota, and the Center for Transportation
9 Studies, and the Minnesota Department of Transportation.
10 You've made us all so very welcome. I'm very sorry to have
11 missed the reception with you last evening. We're very, very
12 grateful for your participation in the process of setting a
13 course for tomorrow's transportation system.

14 We all in the room, I believe, recognize how
15 important transportation is and how it's essential to the
16 freedom that we enjoy as Americans. The foresight of our
17 predecessors through the last century provided a
18 transportation network that provides us in America with
19 unmatched freedom.

20 I just came back late Saturday evening from a
21 trip to China -- and I know fellow Commissioner Pat Quinn is
22 headed there -- I believe it's the end of the week, Pat?

23 COMMISSIONER QUINN: Yes.

24 COMMISSIONER PETERS: But if you could compare
25 how China is striving and making great inroads -- in fact,

1 literally inroads -- no pun intended -- in getting their
2 transportation system under way, because they recognize the
3 very important relevance to that transportation system to not
4 only their economic growth and prosperity as a country but to
5 the quality of life of their citizens, and the freedom that
6 they will have to move around. So, certainly, that was
7 demonstrated to me, absolutely, in making the comparison
8 between our nation and theirs just a week ago.

9 Transportation enables Americans to choose
10 where they make their homes, it connects them to jobs,
11 commerce, it allows them to send their children to the school
12 they choose to send them to -- many of whom go right here at
13 the University of Minnesota -- and it allows us to travel as
14 we please across a very vast continent here in the United
15 States. The purpose of our commission is to ensure that
16 these connections remain strong throughout the 21st Century.
17 We have been charged by Congress with looking ahead to the
18 type of transportation system that we need to support our
19 continued freedom, our economic growth and prosperity, and
20 the quality of life of our citizens and, of course, how to
21 pay for that.

22 You can learn more about our commission if
23 you'd like access our Web site. And that Web site is
24 www.transportationfortomorrow.org. Again, that's
25 www.transportationfortomorrow.org. And I think it's a very

1 appropriately named Web site for the task that we have before
2 us.

3 The 12 members of our commission bring a
4 variety of backgrounds and perspectives, coming from
5 government, at both the federal and state level, as well as
6 a number of private-sector representatives. As the chairman
7 of the commission, I can tell you that this diversity has
8 produced some very thought-provoking discussions over the
9 past 11 months as we strive forward to meeting our goal, a
10 report to Congress, which we hope will be due by the end of
11 this year, under the Technical Corrections Bill, working its
12 way through Congress right now, that would extend our
13 deadline from July through December. So we absolutely are on
14 target to get a report done and submit it to the President
15 and Congress by December of this year.

16 We've made it a point to cover the full range
17 of issues that effect our surface transportation system,
18 which have led us out of Washington, D.C., to get a firsthand
19 view of both the challenges and the innovation that is taking
20 place around the country. We now have held ten field
21 hearings. This week we've divided our commission into two
22 groups. Half of the commission is in Chicago today and, of
23 course, a number of us are here in Minnesota, as well.

24 Minnesota is a leader among states in applying
25 technology to improve both the safety and the performance of

1 our transportation network, and one of the first places to
2 use dynamic pricing and hot lanes to fight congestion -- and
3 very successfully so, I might add. Our visit to Minnesota
4 allows us to focus on rural transportation challenges in a
5 state that has pioneered planning from an urban and a
6 regional perspective. We also want to hear how leading
7 employers in the Upper Midwest are keeping their products
8 moving across an increasingly congested network.

9 We begin this morning by hearing from a very
10 distinguished group of panelists who will look at approaches
11 to traffic safety. I will make the introduction of each of
12 the five of you, and, then, we'll take you in the order of
13 the introduction for your talk. And I will ask you -- and
14 ask my fellow commissioners, myself included -- we have asked
15 you to make relatively brief opening statements so that we
16 will have an opportunity for dialogue, and we will rotate
17 among the commissioners for questioning and dialogue
18 opportunity.

19 Our first panelist is Kathy Swanson. Kathy is
20 the director of the Office of Highway Safety for the
21 Minnesota Department of Transportation.

22 Kathy, welcome to the Commission.

23 Kathy has been a key leader in the development
24 of Minnesota statewide safety plan toward zero deaths, a very
25 commendable goal, and the Minnesota Comprehensive Highway

1 Safety Plan. Well done.

2 Our next panelist is Sue Miller. Sue is the
3 secretary of the National Association of County Engineers,
4 and serves as the Freeborn County engineer.

5 I hope I'm saying that correctly, Sue.

6 She supervises more than 600 miles of roadway,
7 179 bridges in south central Minnesota.

8 Sue, welcome, and thank you for being here.

9 Max Donath is the director of the Intelligent
10 Transportation Systems Institute at the University of
11 Minnesota, and a professor in the Department of Mechanical
12 Engineering. He is considered a national leader in the
13 development of systems to avoid motor vehicle crashes.

14 Max, thank you for your work. We welcome you
15 as well.

16 Our next panelist is Stan Lampe. Stan is a
17 senior vice-president for business and community advocacy at
18 the Northern Kentucky Chamber of Commerce, one of the largest
19 economic development associations in the region. I had an
20 opportunity to meet with that chamber recently and I really
21 enjoyed that. He is a former communications director for the
22 Kentucky Education Cabinet.

23 Welcome, Stan. We're glad to have you here
24 this morning.

25 Kathy, if you'd like to begin. Thank you.

1 MS. SWANSON: I am Kathy Swanson. I am the
2 director of the Office of Traffic Safety in Minnesota's
3 Department of Public Safety. In Minnesota, that is separate
4 from the Department of Transportation, but we are close
5 partners with DOT. Our role is to change driver behavior and
6 to work on what we are sometimes calling the "soft side" of
7 safety.

8 I'm delighted that safety is the very first
9 topic that you're hearing. It is something that has been
10 important to me for the nearly 30 years that I've worked in
11 this area. We have set as a goal for Minnesota zero traffic
12 deaths. Let me tell you a little bit about the group that
13 works on that and the success that we have had.

14 In 2006, Minnesota suffered 492 deaths. That
15 is 67 fewer than we had in the previous year, and a
16 continuation of a three-year decline. Since 2003, traffic
17 fatalities have dropped by nearly a quarter. Our fatality
18 rate is currently under .9, one of the lowest in the nation.

19 We are encouraged by the trends of the past
20 three years and we are certain that the progress is not due
21 solely to luck and happenstance. The hard work we've done
22 under our banner of "Toward Zero Deaths" is paying off. The
23 biggest change that we've made in the last three years is our
24 insistence on developing closer partnerships across the four
25 "E's" -- engineering, enforcement, education, and emergency

1 trauma care.

2 TZD, "toward zero deaths," got its start in
3 Minnesota in 2001, but it took a couple of years before it
4 really took root and before solid partnership strategies were
5 developed and implemented. Now our TZD representatives, who
6 represent the Department of Public Safety, the Department of
7 Transportation, the Department of Health, state, county, and
8 local agencies as well, meet every month. We share
9 information, we occasionally have to agree to disagree, but
10 we insist on moving the ball forward and working towards our
11 goal of zero fatalities.

12 Back in 2001, when we first championed the TZD
13 effort, our goal was fewer than 500 fatalities by 2008 and a
14 fatality rate per hundred million vehicle miles traveled of
15 one by 2008. Most of our colleagues at that time thought we
16 were crazy. In documents outside the scope of the TZD
17 planning group, less aggressive goals were actually set. So
18 we had this interesting dichotomy of dueling goals. Well, we
19 were able to meet the TZD goals. In fact, we blew through
20 them early. Our fatality rate in 2005 was one, and in 2006,
21 we had fewer than 500 fatalities. We are delighted and
22 proud.

23 Let me tell you about some of the TZD programs
24 from the past three years that contributed to our success.

25 We have done increasingly smart things

1 with our DWI enforcement, focusing our enforcement efforts in
2 the 13 counties that have the highest number of deaths, and
3 increasing our DWI arrests by more than 13 percent.

4 We sponsored HEAT, highway enforcement of
5 aggressive traffic, a multidisciplinary speed management and
6 enforcement project that adjusted speed limits on about 900
7 miles of roadway, stopped 88,000 vehicles, and issued 34,000
8 citations for speeding. More importantly, that project
9 dropped high-end travel speeds in the Twin Cities' metro
10 area, and across Minnesota.

11 We have been urging counties and local
12 governments to come up with low-cost engineering strategies.
13 Mn/DOT has developed a central safety fund to support the
14 installation of cable median barriers and county-based
15 projects throughout Minnesota.

16 We have increased the focus, reach, and
17 impact of our public information programs by harnessing the
18 power of NHTSA's paid media campaigns to the creativity of
19 local collaborations that we were able to forge with the
20 Minnesota Twins, the Minnesota Wild, Taco Bell, Pizza Hut,
21 CarSoup, and others.

22 Our newly formed trauma care system is
23 poised to add to our progress. This will be the first year
24 in which hospitals in Minnesota are classified as level three
25 or four trauma centers. When this system is fully

1 implemented in 2009, it is estimated that the trauma care
2 system could contribute a nine percent reduction in traffic
3 deaths.

4 Each of those programs and the others that ran
5 in the background over the past three years contributed to
6 our drop in fatalities. Each is vital, but that vitality is
7 enhanced by the partnerships that we have created. We have
8 leveraged one program against another. And through that
9 partnership, we've strengthened, broadened, and invigorated
10 the way that we deliver our programs in a way that we could
11 not have imagined a mere five years ago.

12 As I've said, we're delighted and proud, but
13 we're also conscious of how much more work remains to be
14 done.

15 As we set our goals for 2010 and beyond, we are
16 looking at fewer than 400 fatalities.

17 I know I've hit the red light. Let me just add
18 one thing.

19 None of the progress that we've seen over the
20 past three years is guaranteed to continue. If we do nothing
21 new, more drivers, more vehicles, and more travel will
22 relentlessly push up the number of deaths. The task of
23 everybody working in this field is to remember what works, to
24 direct resources to those parts of the problem that can make
25 the most difference in deaths, and to stand on the shoulders

1 of those who have gone before, making use of the knowledge
2 gained in the past to craft the vision of the future.

3 To save lives, we need funding and flexibility,
4 we need partnerships and persistence, we need federal, state,
5 and local agencies to commit to the goal and continue their
6 efforts. Anything less will prevent us from moving toward
7 zero deaths.

8 Thank you.

9 SECRETARY PETERS: Kathy, thank you so much.
10 Congratulations on the progress that you've made. That is
11 truly a big accomplishment that you've made here -- and
12 certainly not without the effort. Thank you so much.

13 MS. SWANSON: Thank you.

14 SECRETARY PETERS: We next move to Sue. Sue,
15 thanks again for being here.

16 MS. MILLER: Thank you, Madam Secretary, and
17 Commissioners. It is indeed an honor to be here. A little
18 overwhelming for a rural county engineer, in light of the
19 panelists that you've had testify before you, and who will
20 come yet today.

21 The opportunities with the National Association
22 of County Engineers has allowed me to step outside of my
23 county with 634 miles of road, and about 35,000 people. What
24 I have found is my county is very similar to most counties
25 that have road responsibilities. As you know, local

1 governments are a vital part of our transportation network,
2 only about 75 percent of the roads that are out there. Most
3 of those miles of highway are considered rural, and more than
4 25,000 people die each year on those rural roads. It's a
5 fatality rate that's two and a half times that of an urban
6 road, county engineers recognize this nationwide, and in
7 Minnesota we have made strides in that area, much to Kathy's
8 credit and her leadership.

9 One of Minnesota's successes was the creation
10 of a standalone traffic safety engineer position within
11 Mn/DOT to help provide education and outreach to us, the
12 county engineers, and it specifically targeted strategies
13 that would work on our local systems. Proactively developing
14 phased implementation of the highest priority strategies and
15 countermeasures system-wide is needed, but most of us lack a
16 knowledgeable workforce to do this and the financial
17 resources to be able to deliver. On our own, as rural county
18 engineers, a lot of us don't even know where to start.

19 How could we implement initiatives like this
20 nationwide? We can expand on the success of the
21 Safe-Routes-to-School Program. That program has a champion
22 in every state designated, a funded mandate through the
23 program, to guide that program and to make sure that those
24 resources have followed along with the intent and the goal of
25 that program. It seems to me, not only as an engineer but as

1 a mother of four, that if we're truly concerned about the
2 health and wellness of our children that we need to take that
3 same approach on local road safety.

4 Another success was the development of an easy
5 to use crash analysis tool. In Minnesota, we have very good
6 crash data on all public roads, Iowa does as well, and
7 Minnesota stole a page from their playbook and converted a
8 tool they'd developed for their county engineers and easily
9 retrofitted it to Minnesota's data, delivering a low-cost
10 crash analysis tool that was easy to use for all county
11 engineers in Minnesota. We did this in a very short time
12 frame by working together with the local technical assistance
13 programs. It's a very successful resource for county
14 engineers and should continue.

15 I mentioned Minnesota and Iowa having good
16 crash data. And that's not true in all states, that they
17 have good crash data on all public roads. And while that
18 needs to continue, that effort to get all public roads
19 covered with good crash data, it should not wait to start
20 implementing some of these strategies. We know from
21 nationwide data that's out there from the states that do have
22 good crash data that we need to implement countermeasures
23 that protect those roadways; specifically, work on the edges.
24 Lane-departure crashes are the number one crashes on the
25 rural roads. And if we can work on those edges and have

1 those types of countermeasures system-wide without waiting to
2 have the data to tell us where to invest, I think we know
3 that we can make an effort. Data driven does not mean
4 chasing crashes across the system, it means making
5 knowledgeable-based decisions.

6 Minnesota has successfully created, either with
7 federal or state money, as Kathy referred to, the
8 Comprehensive Highway Safety Program, a number of funding
9 opportunities for county engineers to begin low-cost safety
10 measures, such as edge-line rumble stripes, improving
11 signage, retroreflectivity, things like that.

12 We are frustrated to some degree with some of
13 the issues in regards to the SAFETEA-LU Program and the
14 implementation of the Highway Safety Improvement Program. At
15 the local level, we look at the direction and the focus on
16 safety, where life-changing crashes are occurring. It should
17 follow that if 50 percent of those crashes are happening on
18 the local road system, then 50 percent of that core safety
19 program investment should follow onto those local roads.
20 While there seems to be philosophical support for this at the
21 state level, the difficulty has been in diverting that
22 anticipated federal money to our roads and offer the
23 traditional state system. The delay in the passage of the
24 reauthorization forced many states to continue planning and
25 programming as usual. Increased construction price indices,

1 earmarks, and decreased obligation authority also created
2 difficulties for the states to deliver expected projects.
3 This has resulted in a diversion of those critical safety
4 dollars away from the local system and keeping them on the
5 state system. Across the nation, it's increasingly difficult
6 for those of us that are in roles like mine to have an open
7 dialogue with the state folks to get those resources where we
8 need them to be. I would encourage this commission to create
9 strategies for the federal government to come into that
10 partnership to ensure those resources are invested there.

11 County roads are a vital component of this
12 country's transportation system. Every trip begins or ends
13 on a local road. Local roads pose our country's greatest
14 traffic safety challenge. We need the support at both the
15 state and federal government level.

16 I thank the commission for your time this
17 morning. It is indeed an honor to be here. Thank you.

18 SECRETARY PETERS: Sue, thank you so much for
19 your statement.

20 Max.

21 MR. DONATH: I'm prefer to use a crutch and
22 some PowerPoint slides to help me go through this
23 presentation. I should point out that you have a copy of
24 most all of this in your briefing book and, so, I will be
25 going rather quickly. And bear with me as I move through

1 this.

2 What we're interested in doing is focusing on
3 fatalities and reducing them; and we may have many partners,
4 many of them sitting here around the table. The key area
5 we're focused on are reducing road fatalities. They are a
6 significant problem in this country. We have flattened out.
7 The number of fatalities per hundred million VMT has remained
8 flat for many, many years, and we need some new solutions.
9 We believe we need to focus on high-risk drivers -- those
10 include teens, rural drivers, preventing lane-departure
11 crashes, and older drivers. If we take a look at the
12 statistics in Minnesota of who causes crashes and why, human
13 factors play a major role, and that involves perception,
14 decision-making, and response characteristics.

15 What's happened now, if we take Minnesota
16 fatality data and model it, we see that it follows a power
17 law. And it's very difficult to continue to improve the
18 situation and reduce fatalities. And one way we can improve
19 the situation is by adding technology. But we mean
20 "human-centered technology." We have a perspective which
21 basically says try to understand the impairment and, then,
22 try to develop a variety of different approaches, either that
23 are vehicle-based, infrastructure-based, or cooperative
24 between the environment, the vehicle, and the driver.

25 We have been working on motorcycles. We have

1 done the first studies to try to determine what level of
2 alcohol is too dangerous for operating a motorcycle.

3 We have been working on teenagers. Seven
4 percent of licensed drivers are teens, but 14 percent are
5 crash-involved drivers. If we can get to those drivers early
6 on, we can have a significant benefit and improve the
7 fatality picture for the 20- to 24-year-olds as well.

8 Seatbelts. You all know that we've been doing
9 better on seatbelts but teenagers have not. If we take a
10 look nationally, Minnesota may be doing better than most
11 other states, but the picture is poor. Because if you take a
12 look at fatalities, a large number of those teenagers are not
13 wearing their seatbelts. We need to do something about it.

14 If we focus where the crashes are on teenagers,
15 we'll note that in the first 250 miles of driving since they
16 get their license, we have 3.2 crashes per 10,000 miles. And
17 that's a huge number. If we can get at those kids early on
18 when they're novice drivers, we can make a significant
19 difference.

20 We've been looking at what we call "forcing
21 behaviors," not allowing teens to drive if their seatbelt
22 isn't engaged. We've been looking at feedback systems,
23 giving them some feedback so they learn to be better drivers
24 and, then, if they aren't, we believe in reporting behavior
25 so we can provide consequences and rewards for those

1 teenagers.

2 We've looked at commercially off-the-shelf
3 systems. They are not context driven, and they don't build
4 on the parenting relationship. We need to empower parents
5 and we need to give them the tools and possibly tie it to GDL
6 to improve the response characteristics.

7 By the way, I should point out that we need to
8 cooperate with manufacturers as well -- we cannot do it
9 ourselves -- and that's one of the areas that we're looking
10 at.

11 The fatalities that we've been talking about --
12 and my fellow speakers have talked about rural fatalities.
13 If we take a look at rural fatalities per hundred million
14 VMT, we'll notice that we do worse than most Third World
15 countries. We keep focusing on the national average, but if
16 we pull out the rural fatalities per hundred VMT, we'll see
17 that Minnesota, if you take a look on the chart, does
18 relatively well, but the U.S. total, we're doing about two
19 and a half fatalities per hundred million VMT. We need to do
20 something about it.

21 We focused on lane-departure crashes, because
22 that is one of the biggest problems on rural roads, we've
23
24 looked at human-centered approaches. We have actually used
25 buses in our 250 mile bus-only shoulder network. We've used

1 drivers to better understand how we can provide feedback to
2 drivers while they're driving in very narrow shoulders, as
3 you can see in this particular slide. We used differential
4 GPS, high-accuracy digital maps, and provide feedback to the
5 driver as they go. What we need are high-accuracy digital
6 maps, centimeter level, that tell us where the lane
7 boundaries are so we can provide feedback to the drivers.

8 The other area we've been working on are
9 intersection crashes. And together with Minnesota DOT and
10 the Federal Highway Administration and the ITS Joint Program
11 Office, we've been looking at how we can cut down on
12 fatalities at intersections. Almost two-thirds of all
13 intersection-related fatal crashes in Minnesota occurred at
14 what's called "rural through-stop intersections." And what's
15 interesting is that most of them involved older drivers.
16 Older drivers are most effected at these intersections
17 because of perception, inability to see and judge oncoming
18 vehicles. So we have been working on a system -- which we've
19 instrumented a number of intersections, one in particular is
20 in Minnesota, where we have infrastructure-based sensors that
21 monitor the gaps, figure out what are safe gaps, and, then,
22 develop an algorithm, which basically guides a stopped driver
23 at the stop sign as to when exactly to enter the
24 intersection, so that we reduce the crashes that occur when
25 they go through that intersection. So that means developing

1 innovative displays, working on how to get drivers to
2 understand, and make sure they're intuitive to the driver --
3 which involves a lot of human factors -- testing and
4 evaluation.

5 Anyway, we need new solutions, we need to
6 pursue unconventional approaches, we need to focus on drivers
7 who are already at risk, and we need to demonstrate
8 end-to-end solutions. And because we're dealing with human
9 foibles, frailties, we need to do major field operational
10 tests to understand and iterate or redesign to make these
11 systems work.

12 And last, but not least, I've heard rumors that
13 some of our ITS R&D funding is going to be cut dramatically
14 in order to increase funding for congestion mitigation
15 initiatives and I hope those are unfounded.

16 Thank you.

17 MS. PETERS: Max, thank so you much.

18 Stan, please.

19 MR. LAMPE: Thank you, Madam Secretary.

20 Commission members, I'm Stan Lampe, and I join
21 you today to share comments and views of the Transportation
22 and Infrastructure Committee of the Northern Kentucky Chamber
23 of Commerce. We have 2,100 members that constitute a
24 dynamic, vital, growing region in Kentucky, located on the
25 southern suburb edge of the Greater Cincinnati metropolitan

1 region.

2 Since the late 1990s, the Northern Kentucky
3 Chamber has been alarmed about the volume of traffic and
4 safety concerns on our nation's highways and bridges.
5 Similarly, funding needs for airports, ports, and railways
6 are critical to support one of America's greatest strengths,
7 the efficient movement of goods and services. The efficient
8 movement of goods and services is the very lifeblood of our
9 economic growth and expansion.

10 While Americans and America can be justifiably
11 proud of our 47,000-mile interstate highway system,
12 competition looms on the horizon. As Secretary Peters just
13 said, China, for example, is building a 53,000-mile national
14 expressway, which is scheduled to be completed by the year
15 2020. It will be done early. If their plans stay on track,
16 it will clearly rival our interstate highway system. In
17 India, while their plans are less grandiose, they are
18 currently building a 10,000-mile expressway system. To be
19 sure, our allies in the European Union are not standing idly
20 by, either. Europe is spending hundreds of billions of euros
21 on bridges, highways, tunnels, ports, and rail lines. It is
22 in that international context that we want to share with you
23 our regional, multistate dilemma for Northern Kentucky and
24 Southern Ohio, the Greater Cincinnati metropolitan area.

25 Both state and federal highway experts estimate

1 that our region's daily interstate traffic counts will
2 increase in the range of 5,000 to 10,000 vehicles per year
3 for the foreseeable future. Air travel will likely increase
4 as well, although reliable projections are less clear.

5 Just a month ago, one of Northern Kentucky's
6 three counties, Boone County, was named as a top 25 growth
7 county in the entire nation. From 2000 to 2006, a mere six
8 years, the population of Boone County increased by more than
9 25 percent, from 87,000 residents to a hundred and fourteen
10 thousand residents. This county has to build three new
11 schools every year. So as our transportation demands
12 increase exponentially, so does the cost for acquisition of
13 right-of-ways, construction of interstate highways and
14 interstate bridges. In our region, highway officials have
15 experienced routine annual increases of 12 to 20 percent in
16 steel, concrete, asphalt, and other building materials; the
17 construction commodities. Even in Kentucky, our highway
18 construction commodities are increasing faster than health
19 insurance.

20 For those of you who are transportation experts
21 here today, Greater Cincinnati and Northern Kentucky are
22 linked by a famous, or infamous, double-decker bridge that
23 carries not only traffic for one interstate but two
24 interstates, I-71 and 75. The bridge in question spans the
25 Ohio River. The I-75 major artery is both a national and

1 regional economic link. It links Detroit with Miami,
2 Florida. I-75 moves over 60 percent, or 71 billion dollars,
3 of trade with Canada. Truck travel on I-75 is about double
4 the average observed on other freeways in the United States.
5 In Ohio alone, it exceeds 5.6 billion vehicle miles annually,
6 as estimated by the FHWA. I-71 is lesser known but an
7 important economic corridor, too, beginning in Northern Ohio
8 and connecting with Louisville, Kentucky, where it hooks up
9 with I-65, I-64, and, then, I-74, three other massive
10 interstate arteries.

11 The bridge in question is the Brent Spence
12 Bridge. Importantly, Brent Spence was a former congressman
13 from Kentucky and served for 31 years. His expertise was not
14 in highway construction, it was not in transportation.
15 Congressman Spence was famous for finance. He served on the
16 Banking and Currency Committee. Built in 1962 and '63, the
17 Brent Spence was opened to traffic on November 25th, 1963.
18 In fact, its opening was delayed by four days because of the
19 Kennedy assassination. It was built at a cost of ten million
20 dollars. Newspaper accounts of that reported full day of
21 operation are important. On the first day of operation, the
22 Brent Spence only carried 32,000 vehicles, but it was built
23 to carry 80,000 vehicles. On the first day of operation, it
24 only carried 32,000 vehicles, but it was built to carry
25 80,000 vehicles. Today, 44 years later, the Brent Spence is

1 both obsolete and dangerous. The Brent Spence is one of the
2 15 major bridges in the United States that's been designated
3 as "functionally obsolete" for failure to meet federal
4 standards for safety and traffic flow. In the list of major
5 bridges designated, the Brent Spence ranks as seventh
6 nationally for the highest crash rate, although, thankfully,
7 the fatalities are few. Nevertheless, the annual crash rate
8 on the Brent Spence is seven hundred and fifty percent higher
9 than the crash rate on our Kentucky or state highway system.
10 Please forgive me for repeating myself, but the crash rate is
11 seven hundred and fifty percent higher than our average rate
12 for the Kentucky highway system. I mentioned that the
13 original design capacity was for 80,000 vehicles a day. In
14 1985 and 1998, an additional 20 million dollars was spent to
15 increase the capacity from 80,000 vehicles to a hundred and
16 thirty-five thousand vehicles a day. But those improvements
17 came at a significant design cost. And the cost is in public
18 safety. In order to increase the vehicular flow, all
19 emergency breakdown lanes, or shoulders, were eliminated, and
20 the typical travel lanes were narrowed from 12 feet to 11
21 feet. Of course, an average tractor-trailer is eight and
22 one-half feet wide, and when you include the mirrors on both
23 sides, there is little margin for error. The 1985 and 1998
24 improvements increased the bridge capacity from 80,000 to a
25 hundred and thirty-five thousand, but the current traffic

1 count is approaching a hundred and seventy thousand. Again,
2 the bridge was designed originally for 80,000. In Northern
3 Kentucky on a daily basis, in Cincinnati on a daily basis,
4 hundreds and thousands of productive men and women hours are
5 wasted by people simply trying to cross the Ohio River. As
6 recently as 2003, it was estimated that the cost of improving
7 or replacing the Brent Spence Bridge would be seven hundred
8 and fifty million dollars, if construction began by 2010.

9 This past --

10 SECRETARY PETERS: Mr. Lampe, if I could ask
11 you to wrap up --

12 MR. LAMPE: I will.

13 SECRETARY PETERS: -- and finish your
14 statement.

15 MR. LAMPE: We suggest five recommendations,
16 quickly.

17 The funding formula is not keeping pace with
18 the needs of mega projects.

19 Delay is not an option. Time, in this
20 instance, really is money.

21 The Chamber supports approaching mega projects
22 in an entirely new way. We're convinced that there's no
23 single answer, so consideration should be given to both
24 traditional approaches and new approaches, like
25 public-private partnerships. We support change.

1 Before SAFETEA-LU expires, there should be
2 analysis of the loss of purchasing power in the price of
3 motor fuel since 1994, and the loss of revenues as a result
4 of tax subsidies for fuel additive.

5 And, finally, we support wholeheartedly a
6 national, regional program of importance, and hope that it's
7 fully funded so that programs that are mega projects can be
8 fast-tracked.

9 Ladies and gentlemen, we encourage you to make
10 bold, strong, compelling recommendations to the Congress.

11 Thank you.

12 SECRETARY PETERS: Thank you so much. And
13 thank you to all the panelists. We'll now take questions
14 from the commissioners. And if I might start with Steve
15 Odland -- oh. Actually, I'll defer to Mr. Skancke.

16 COMMISSIONER SKANCKE: Thank you, Madam
17 Secretary. It's great to be back in the Midwest. As a
18 native South Dakotan, I'm very familiar with some of these
19 issues that we're going to be discussion today. So it's
20 great to see fellow South Dakotans here, and Near Mountain
21 West, and it's nice to have people all the way from Kentucky.

22 It's clear that transportation issues in this
23 country that are going on currently are top of mind for a lot
24 of us, for you to travel as far as you have, Stan, to get
25 here today.

1 I have a couple of questions on safety for
2 Kathy and for Sue. What do you think the role should be for
3 the federal government? And what recommendations do you
4 think this commission should make as it relates to traffic
5 safety in this country? One of the things we've -- and
6 before you answer that, we've gone across the country, as the
7 Secretary pointed out, having field hearings, and a lot of us
8 have asked, "What is the future role of the U.S. DOT in
9 federal highways, and the agencies, as it relates to
10 transportation?"

11 So what role do you think -- my first question
12 is what role do you think U.S. DOT should play in safety,
13 thinking 50 years out? Not just to the next reauthorization,
14 but 50 years out. And, then, what role do you think this
15 commission should play in making recommendations to Congress
16 in our final report?

17 MS. SWANSON: I think the role that U.S.
18 DOT currently plays is extremely important. The National
19 Highway Traffic Safety Administration is an important vital
20 partner with our efforts here in this state. I appreciate
21 the fact that they are separate from the Federal Highway
22 Administration, because it lets them focus a little bit more
23 specifically on the driver behavior, on the human side of
24 safety. It is important that those efforts -- the hard side
25 of safety and the soft side of safety -- be joined together,

1 but it is not a viable solution for me to make engineering
2 decisions and for Bernie Arseneau to make the more
3 psychological decisions. What we need is partnerships that
4 way. And the structure that currently exists in U.S. DOT
5 fosters that partnership at the state level, I think.

6 We are also desperate for the funds that are
7 provided from the federal level. For any number of reasons,
8 states and counties cannot come up with the funds that they
9 need to implement the programs that will change driver
10 behavior. Plus, drivers are so very mobile that we really
11 want a number of safety features across the board -- across
12 all the states rather than on a patchwork quilt approach to
13 safety. That might happen if we relied just on the states or
14 on the counties to provide all of the funding.

15 The last thing that I'd add is that I think it
16 is important for the federal level to encourage the
17 partnerships that are starting to blossom. To -- I stop
18 short of saying "to require partnerships." I think
19 partnerships that are imposed externally don't do well. But
20 to encourage those that are forming to flourish by allowing
21 some additional flexibility in the funding so that decisions
22 about safety, whether it is an infrastructure improvement or
23 a driver-behavior improvement, can be made at the local level
24 -- at the state level, where those decisions are probably
25 best made.

1 MS. MILLER: Commissioner, Bernie and Kathy
2 sitting here together lead the partnership in the state of
3 Minnesota, and have really been the model for people like me,
4 when I go back to Freeborn County. We mentioned the
5 Comprehensive Highway Safety Program. Those are some federal
6 dollars that comes through Kathy's office, and working
7 through Bernie's office, we've been able to get out to the
8 county engineers in Minnesota. One of the requirements, if
9 you will, or the tails that came with getting one of those
10 75,000-dollar grants was the requirement that we form local
11 partnerships in our counties. So if you took one of those
12 grants to do either chevrons on your horizontal curbs, for
13 example, or pave a two-foot shoulder on some rural roads, or
14 changed a blind intersection to reduce some crash fatality
15 rates at an intersection -- if you took any one of those
16 grants, you had a requirement, within one year of accepting
17 that money, to meet with your engineering professionals in
18 the community, whether that's DOT or the city or county, you
19 had to include enforcement, emergency services, and the
20 education folks. And it's been a huge advancement for local
21 safety. We've taken that crash-data tool that I mentioned
22 before and we've mapped out our crashes. We know exactly
23 where those alcohol-related crashes happened in the last 20
24 years. Law enforcement loved it. Now they know where to
25 target their very limited resources for law enforcement on a

1 local road system and get some of those offenders off the
2 road before they blow a "T" intersection and hit a power
3 pole, or whatever it might be. God forbid, hitting one of
4 our families. So that partnership structure that Minnesota
5 has created really has worked extremely well on getting those
6 multifaceted solutions out there.

7 And to the first part of that question, on what
8 the role of the federal government and the DOT should be, I
9 think it's absolutely crucial, crucial that you come out with
10 strong recommendations, as part of this commission.
11 Forty-three thousand people a year die on our roads. And I
12 know you talked a lot about congestion, and I know you talked
13 a lot about what that costs our economy. But when you look
14 at the numbers from a public health standpoint of what that
15 is costing our country, and the health-care costs, and the
16 lost productivity, and the effects that it has to business
17 and industry, not to mention the devastation it's causing to
18 those families, I implore you to find a way to keep this a
19 key part of your mandate here. Thank you.

20 SECRETARY PETERS: Commissioner Odland.

21 COMMISSIONER ODLAND: You know, I think that
22 you made the case on safety and it certainly is part of, you
23 know, our role on what we're looking at. So everybody is
24 sold on that. The question is what do we do about it. And
25 part of your testimony related to technologies. And you

1 can't legislate technology change, you can fund some things.

2 And, of course, you know, that's proceeding as well, and

3 universities are working on those kinds of things.

4 I guess the question is how much of safety
5 progress should be made, or can be made, through technology
6 versus returning roadways to the capacity that they were
7 originally intended? Or stated inversely, how much of the
8 safety issues that we face are created by the lack of
9 capacity or, you know, the overuse versus the intended use of
10 the capacity of these roads?

11 MS. SWANSON: If I may answer -- or -- provide
12 my viewpoint on that. In Minnesota, most of the fatal
13 crashes happen on lonely rural roads. And the fatalities
14 that are occurring are not necessarily -- the bulk of the
15 fatalities that are occurring are not linked to congestion or
16 capacity issues. The bulk of the fatalities occur because
17 humans make bad decisions when they're behind the wheel. And
18 the vehicles that they have, and the roadways that have been
19 built, do not sufficiently account for those bad decisions
20 that they're going to make.

21 I think for saving lives, you need to have an
22 intense focus on changing human behavior. Yes, we need
23 technological advancements as well in vehicle safety, in
24 driver-feedback systems, and in roadway safety. But, in the
25 meantime, to save lives, we need to marshal the resources for

1 enforcement and education so that drivers will have an
2 incentive to make smarter decisions than they are now.

3 One thing that can be done at the federal level
4 to support what we're doing at the state level is for you to
5 set an aggressive goal, something like zero fatalities, and,
6 then, find ways to make it happen. There are transportation
7 industries in the United States -- the airlines, the
8 railways -- that have zero fatalities in a year, or at least
9 are within easy striking distance of it. We have become
10 complacent in the U.S. about the number of fatalities that
11 occur on our roads and, as a result, we have over 40,000
12 deaths a year. If we have an outrageous goal, an audacious
13 goal, and if we can believe in the beauty of our vision, we
14 can find ways to achieve it. If we are satisfied with the
15 status quo, no change is going to happen.

16 MR. LAMPE: I would just comment, commissioner,
17 in our situation, we have rear-end collisions that are the
18 cause of traffic congestion. I don't think technology will
19 solve it. But I would encourage you not to think in an
20 either/or situation. The solution's going to be a menu of 12
21 or 15 different things, and it's going to be a change in
22 behavior, it's going to be bricks and mortar and steel and
23 construction, and it's going to be telecommuting. It's going
24 to be a whole host of things.

25 MS. MILLER: I'll do a little lead-in for Max

1 here on this issue. People like me as a rural county
2 engineer -- I am the only registered engineer in our county
3 of 30-some-thousand people. I have two and a half
4 technicians. The other half-time guy snowplows and patches
5 pot holes, and does a number of other things. So rural
6 counties like mine don't have a lot of staff and a lot of
7 expertise, especially in the traffic-safety area. We're
8 about fixing pot holes, and putting signs back up, and a
9 little bit of construction. I need guys like Max to help me
10 know what technology solutions will work on our system, what
11 low-cost things that we can implement, how we implement it.
12 And where the federal government comes into play is local
13 governments aren't going to take that chance on new
14 technology and trying something different. We need some
15 leadership from the federal government to put some, what I'll
16 call, "seed money" out there so we can be a little more
17 innovative and we can try these things. And it's not being
18 done with a county commissioner's political career on the
19 line, if you will, to try this wild idea of putting these
20 flashing, big blinking lights out there on the road. We know
21 some of these things are working, and working very well. We
22 just need to get those partnerships developed between what
23 Max is doing and what people like me are trying to improve
24 out there.

25 MR. DONATH: I just want to add that we live in

1 a culture in Minnesota, for example, it is now illegal to
2 have red-light cameras at intersections. You know, we live
3 in a culture where you're allowed to buy a radar detector and
4 put it in your vehicle. It's a culture that we really have
5 to somehow overcome, and I believe that we have to look for
6 solutions that kind of get our foot in the door; for example,
7 you know, everybody -- "everybody." I shouldn't say
8 "everybody." But nationally, we all know that we ought to
9 have a seatbelt ignition interlock and somehow we just can't
10 get into that mode. Now, if we can focus on maybe one
11 segment of the population, novice teen drivers, and
12 demonstrate the benefit that we can have on a high-risk
13 population, maybe we can get our foot into the door and get
14 this out there, so that once we see the benefits, we can get
15 it to accord to the rest of the population. We need to pick
16 high visibility projects where we can see change relatively
17 soon, and, then, use those as models for how we defer to
18 other high-risk populations. There's a lot we can learn from
19 teen drivers that we can apply to older drivers. There are
20 very many of the same kinds of issues. On one end it's a
21 lack of experience. At the other end, it may be lack of
22 perception, lack of ability to reason quickly. But there are
23 issues that can be incorporated into these systems, and we
24 can effect change in a relatively short period of time. This
25 is not a 50-year-out problem. I believe we can make

1 solutions in ten years, but we have to rise to the challenge.
2 And I believe with the leadership of Kathy Swanson and Bernie
3 Arseneau, this toward zero death program has made an
4 incredible big difference in Minnesota. We are now below one
5 fatality per hundred million VMT and we lead the nation in
6 this area, and I believe we can do a lot more. They're the
7 ones who put money on the table for us to look at new
8 solutions to the teenage-driver problem, and we believe we
9 need to do this nationally, not just in Minnesota.

10 SECRETARY PETERS: Thank you so much.

11 Commissioner Geddes.

12 COMMISSIONER GEDDES: Thanks very much, Madam
13 Chair. This has been a tremendous panel. As Steve Odland
14 emphasized, this is something that the commission is
15 extremely aware of, and very interested in, and where we'd
16 like to make the largest impact, if we possibly can. So I'd
17 like to ask a couple of specific questions, if I may.

18 Kathy, in your written testimony, you noted
19 about fatal -- Minnesota fatal characteristics that, in '05,
20 over half of those fatalities were unbuckled fatalities and,
21 then, over a third, they were either alcohol-related. I've
22 been impressed with the data that you've put forth on the
23 number of fatalities that are occurring on the rural roads,
24 and what you just said about the wrong person. I assume
25 there's some interaction there with alcohol, as well as not

1 being buckled. I'm wondering what recommendations you would
2 suggest this commission make on those counts to address
3 fatalities. Max has suggested interlocks between the
4 seatbelting and I think, then, the ignition itself. Is that
5 a recommendation? Do you have others that you would add to
6 that?

7 MS. SWANSON: One of the things that I would
8 add is the need for use of, and continue to provide,
9 incentives for states on the seatbelt law. We estimate in
10 Minnesota that if we had a seatbelt law, we'd save 40 lives a
11 year. That's soon going to be ten percent of our fatality
12 numbers. It's critical. Max is better able to answer in
13 terms of the technology. I think in terms of what changes
14 driver behavior, what I know changes their behavior is strong
15 enforcement of strong laws, and we need resources to continue
16 the enforcement efforts, we need the data so that we can make
17 smart decisions about enforcement deployment. We need to
18 educate people, but educating them about the value of the
19 seatbelt has not been enough. We need to also educate them
20 about the enforcement efforts that are going to take place
21 and, again, I think we need to find a way that we can hook
22 the public consciousness and get them to envision a world
23 where traffic fatalities are not something that happens every
24 day and every day and every day. I have lost track of the
25 national round numbers of what happens in terms of

1 fatalities. In Minnesota, though, we have about two funerals
2 a day, if you take out the weekends, just from traffic
3 fatalities. That shouldn't happen. That shouldn't be
4 acceptable. It shouldn't be a part of this cost of doing
5 business as something we expect as a part of transporting
6 goods and people. So we need better vision toward zero
7 deaths.

8 COMMISSIONER GEDDES: Thank you. That's all.

9 Some more specifically, Max, I appreciated your
10 presentation very much, as well as that the role of
11 technology is crucial and we have seen that in a number of
12 presentations. You did an excellent job of presenting that,
13 and we want to think about what we could do in our capacity
14 to help facilitate that. Specifically on your PowerPoint
15 presentation, you said the number of fatalities per hundred
16 million vehicle miles of travel is flattening out. And this,
17 I assume, is specific to Minnesota; is that right?

18 MS. DONATH: Yes, those are Minnesota
19 analyses.

20 COMMISSIONER GEDDES: Coming over from the
21 airport, as I was riding in my cab, I looked out and I saw a
22 guy riding on his motorcycle without a helmet on, so I
23 assumed that it was.

24 COMMISSIONER SKANCKE: Me and the Secretary.

25 COMMISSIONER GEDDES: They were riding without

1 a helmet. I know Madam Secretary never rides her Harley
2 without her helmet on. And I assume that Minnesota doesn't
3 have a helmet law. So some of these things are behavioral in
4 the sense that it's very tough, even though the data is
5 there, and it's clear -- and we all know, you know, that
6 they're making a risky choice, you know. They still have
7 this -- it's still a free country, and they have the right to
8 make these choices. So I'm wondering to what degree we can
9 actually, given this type of behavior -- I mean, to what
10 degree is the flattening out of that line due to those
11 things? For example, if we were to take out motorcycle
12 fatalities where helmets are not worn, what would happen to
13 that line?

14 MR. DONATH: Let me point out that we all know
15 that smoking cigarettes is going to lead to our early death
16 and yet you walk through a cloud of smoke whenever you go out
17 of a building here in Minnesota. We have a problem. People
18 just don't get it. But we also have to recognize that road
19 fatalities don't just cost the life of that individual, we
20 have to think about the families, their relatives, the
21 health-care system. We just cannot afford to continue in the
22 way we've operated before. If we take a look at New Mexico,
23 which has a law that if you have a number of DWIs, you must
24 install a seatbelt ignition interlock. They ought to be a
25 role model for the rest of this country, because we cannot

1 afford the prison cell space for all those folks that are
2 stopped on the roads. We have to figure out a new way of
3 preventing people who just don't seem to get that they ought
4 not to be doing what they're doing. And what we're looking
5 at -- maybe we want to call it "stopgap." Ultimately we need
6 to educate all our folks. But culturally we're not getting
7 there. So let's try to focus on certain areas where we
8 believe we have some solutions and let's see if we can solve
9 those and, hopefully, over a longer period of time, we can
10 convince our legislators, who are the ones who are preventing
11 this from happening, helmet laws. They're the ones who -- I
12 hate to say it, but they're the ones that are preventing us
13 from doing all sorts of things that we need to do if we are
14 going to have a significant impact on reducing road
15 fatalities. If you have a specific question, I'm more than
16 happy to answer it.

17 COMMISSIONER GEDDES: No, that's fine. Thank
18 you.

19 SECRETARY PETERS: Commissioner Quinn.

20 COMMISSIONER QUINN: Thank you. And, by the
21 way, panel, congratulations on a great presentation. I
22 probably sit here wearing three hats as to this issue. As a
23 large fleet truck owner, big truck vehicles, and also as
24 chairman of the American Trucking Association -- my term ends
25 shortly -- but the major emphasis has been on improving truck

1 safety on our highways and, certainly, that's the role of
2 this commission. So you certainly struck many chords with
3 me. And I congratulate you on the presentations you've given
4 us today.

5 While this is as much commentary, probably, as
6 it is questions, you know, the primary seatbelt laws are
7 extremely important, certainly in saving lives. And truck
8 drivers are the group that probably have high presence.
9 Teenagers are less likely to wear them. We need to work on
10 that.

11 The truck education, the education about how to
12 drive around trucks on a road, it's been a focus of mine with
13 the American Trucking Association. I didn't hear you comment
14 on that. But, I mean, that is the -- we've eliminated trucks
15 -- we've eliminated driver training out of many of our
16 schools because of budgetary concerns. Our best and
17 brightest and youngest go behind the wheels of cars and
18 insuring them, with professional drivers driving, you know, a
19 80,000-pound vehicle with no -- which we should have
20 knowledge of the physics involved in those, but it hasn't
21 been brought forward to them in an education process. And I
22 would certainly encourage you to make that part of your
23 programming if you're not presently doing it. The
24 intelligent vehicle systems, the antirollover, the
25 anticollision devices, certainly the rumble strips, all the

1 things you're doing, have placed Minnesota at the forefront
2 of that. I also, like Commissioner Stancke, grew up on a
3 rural farm, in Nebraska. So I'm aware of the rural
4 implications and what you're doing there. And there is a lot
5 of progress to be done, but that is where the large number of
6 fatality crashes occur. But we're not just interested in
7 fatality crashes. We're dealing with the injuries and the
8 impact on families. And usually any accident that has
9 fatalities, it usually has many more people that are injured
10 in addition to the fatality brick that is there. We've made
11 improvements in those, but there is much more to be done.

12 And I would just ask you if you are looking at
13 anything in the commercial vehicle arena, along with the
14 cars, and stuff, that we've talked about.

15 MS. SWANSON: You know, the portion of vehicle
16 safety is handled very specifically and diligently by a group
17 in the Minnesota State Patrol which is associated with my
18 office in traffic safety, and we work collaboratively with
19 them. And I take to heart your recommendation that we work
20 more closer with these groups. But we do have some programs
21 that we have worked together with them on; specifically,
22 self-enforcement effort relating to truck drivers having
23 their belts on.

24 MS. MILLER: And, commissioner, the revision of
25 the state highway safety plan right now will include that

1 commercial heavy vehicle safety component in this next
2 revision of our highway safety plan. And there's also a lot
3 of ideas and initiatives going on in that arena in that
4 regional office of that plan. So I think there's some
5 initiatives and others going on in that arena.

6 COMMISSIONER QUINN: And I would just add to
7 that, certainly the enforcement element for those people who
8 are not conforming and not behaving in my own company, as
9 well as with the American Trucking Association, encourage
10 enforcement of the laws that are out there to get people who
11 are not complying to be compliant or to be out of the
12 industry. We don't need that.

13 MR. LAMPE: Commissioner Quinn, in our
14 situation on I-71, I-75, maybe twice the normal load of
15 trucks, there is an urban myth that our accidents are caused
16 by those large trucks. And, in fact, the data does not bear
17 that out. The last page of our handout says it's the big
18 SUVs, it's vehicles, and it's motorcycles. It is not the
19 large trucks that are causing the accidents.

20 COMMISSIONER QUINN: Well, I certainly
21 appreciate that comment. But that bridge that my vehicles
22 travel over many, many times every day -- you know, I'm kind
23 of sure you've seen them there -- is a problem. I kind of
24 cringe when you put out the solution for the new bridge is
25 2015, you know, that it's eight years away, because that

1 simply is not acceptable for the efficient movement of our
2 nation's commerce. It has to be better than that.

3 With that, I'll be quiet.

4 SECRETARY PETERS: Commissioner Cino.

5 COMMISSIONER CINO: Thank you very much, Madam
6 Secretary. I thank all of you very much. Having spent a
7 little bit of time at the department, I have a much greater
8 appreciation for safety, first and foremost. And throughout
9 my two years there learned a great deal of in-depth facts and
10 figures that have been very, very useful.

11 Kathy, I commend you on your zero death
12 program. It's terrific. I read with great interest last
13 night many of the statistics and the charts that you put
14 together.

15 And, Sue, I know that over the last couple
16 years, as we continue to look at fatalities, rural roads are
17 a problem and we need to figure out how we deal with it,
18 especially when you look at the percentages.

19 And, Max, I share with you the human factor
20 problems that we have, especially with teens. I know it's a
21 big effort that we take on at the department, and we will
22 continue to take on. And, of course, with seniors. I like
23 to think that I'm in the middle there, so I'm okay, but soon
24 approaching AARP. So I myself feel a little bit nervous.

25 And, then, Stan, I have had the tours of

1 driving over the bridge, flying over the bridge, and even
2 inspecting under the bridge. And it is a little bit scary.

3 Many of the questions have been asked, so just
4 those couple of observations.

5 But, Kathy, I've got a question with regards to
6 -- specifically to the one that is statistics that you were
7 able to provide for us, and, then, just any other comments
8 that would be made with regards to seatbelts. We worked
9 very, very hard in our department over the last five years in
10 trying to move that number up. And I believe it was 2005
11 that we achieved the highest level of seatbelt usage that we
12 have had. And I see here in 2005, you, in Minnesota, were 84
13 percent, which is probably one of the highest in the country.
14 And I commend you for that. But I'm wondering, because it is
15 of great interest, besides legislating -- and it certainly
16 will continue to work on primary seatbelt law -- what are the
17 other things that we can do? Because we have a lot of
18 ideas -- more continued research dollars, technology,
19 partnerships, strong enforcement. But what are the other
20 things that we can do? I know many times we shake our heads
21 and say, "How do we get to a hundred percent"?

22 MS. SWANSON: Getting to a hundred percent is
23 very hard. There are people in Washington State who say that
24 that last five percent is the hardest group to get. That's
25 five percent of the population that doesn't buy into the

1 educational part, doesn't think the enforcement part will
2 happen to them. If it happened to them, it will happen
3 twice. And, as a result, they continue to make choices that
4 are -- we ought to start describing them as being antisocial.
5 The cost of traffic fatalities in the U.S. is huge. And
6 anything that could be done that is not done to be safe on
7 the highway -- that includes lack of belt use, lack of helmet
8 use, driving too fast, driving after drinking -- we need to
9 start, as a culture, defining those as antisocial and
10 unacceptable behaviors. Without that sort of a shift, I
11 don't know that we will get the culture shift that we need to
12 be able to implement some of the other solutions, whether
13 they are technical or law-based, or whatever. We need to
14 lock citizens out of their complacency about 42,000 deaths a
15 year. And I think we could benefit greatly from the central
16 level help on that, framing it as something that we need to
17 address for the well-being of the nation as a whole. We try
18 to rally the troops here at our level, but we need to be
19 carrying it from every level as well. And if we could frame
20 it as something -- the nation as a whole -- we're going to be
21 working towards -- working aggressively towards, I think that
22 would help change the culture also.

23 MS. MILLER: Being a mom of four, and raising
24 teenagers that drive right now, I can tell you trying to
25 change behavior is extremely difficult. And 90 percent of

1 the serious-injury crashes, the fatal crashes that are
2 happening on roads are driver-behavior related. That being
3 said, I think we're missing a huge part of the market if we
4 don't get county engineers like me. Fifty percent of those
5 crashes nationwide are happening on county roads. And we
6 need to get people like me, and we need to get the strategies
7 out there. Because you're never going to get all that
8 behavior changed. So what I've equated it similarly to is
9 when I brought my kids home from the hospital, you had to
10 toddler-proof your home. You put things on a higher shelf.
11 We have to toddler-proof our highway system. We have to get
12 things out of the right-of-way, so if they do leave that
13 lane, they're not going to hit a telephone pole, or a tree,
14 or whatever it might be. So we need to really take seriously
15 that we're seeing a whole different environment on the road.
16 When you look at traveling in my car on a daily basis, with
17 my kids arguing, and trying to put a DVD in a DVD player, and
18 trying to get their Ipod plugged into something that I have
19 no idea what they're got plugged into my car to make their
20 Ipod play, and somebody is spilling their 7UP from McDonald's
21 all over the backseat -- that's the environment in our cars
22 today. And I'm not -- I'm the norm. I'm not anything
23 unusual out there as to what people are doing, not to mention
24 cell phones and the other distractions that are going on in
25 our cars. So I think we need to really focus hard with that

1 90-percent behavior. We also have to realize that we're
2 never going to get to that, so we have to somehow safeguard
3 that environment that those people are in.

4 COMMISSIONER CINO: You may have already
5 touched on it -- especially you, Max -- with regard to
6 technology -- and I know it's not the solution -- but as
7 Kathy has said, you know, getting that last five percent
8 doesn't give us one percent or two percent. But I'm
9 wondering with regards to the technology -- and every year it
10 seems to be getting better. It's amazing, as I watch TV a
11 little bit, when you see some of the commercials for the new
12 cars, that they're now also not just the high-end cars -- the
13 Lexuses -- but they're getting a little bit further down to
14 cars that I can afford. But I'm wondering, with regard to
15 the technology that exists, what can we expect and what
16 should we expect with that technology to help us in getting
17 down to zero deaths?

18 MR. DONATH: One technology that's relatively
19 inexpensive is to enable the seatbelt ignition interlock. It
20 would cost automotive OEMs and truck OEMs maybe five cents to
21 put that into all new vehicles and, thereby, truck and fleet
22 owners can engage it and make sure that it's operating for
23 all their trucks, and parents can turn it on to make sure
24 that it's there for their teenagers. Let's start with five
25 cents per vehicle, no more, because all the components are

1 already there. Your little idiot light turns on when you
2 haven't engaged your seatbelt. Obviously the car knows
3 you're not using your seatbelt. Well, you have that piece.
4 And, then, the second piece is simply the interlock
5 component. All new vehicles have a built-in interlock for
6 security and theft prevention. So we already have the
7 components there, just allow somebody to hit the switch so
8 those two can be engaged together, and using power parents
9 and power fleet operators to make sure that that capability
10 is in all vehicles in the future.

11 SECRETARY PETERS: Thank you. I'll wrap up
12 this first round of questions and, then, we'll take another
13 round, if we have time, with the panel.

14 First of all, thank you all for the interest
15 that you have in safety and in saving lives. I think the
16 examples that you gave about individuals within your
17 testimony is very important, because we can take this
18 knowledge that this isn't just more for state members, this
19 is as individuals. And particularly to me, through the
20 pictures you showed with the three crosses and the three
21 boys' names, and I noticed that they were just one or two
22 years apart, they all died at the same crash. That's the
23 type of thing that we need to communicate when we get back.
24 I'm curious to ask this questions -- and you talked a little
25 bit about this, the need for a permanent seatbelt law, the

1 need for a helmet law, and things like that. In your current
2 safety new bill that there are incentives for having those
3 kind of laws in place for making improvements. In the past
4 there have been sanctions. Do you have an opinion about
5 whether one is more effective than the other? And I'll just
6 go down the line of the panelists, if I could, please.

7 MS. SWANSON: You need to realize that
8 Minnesota was the very last state to enact .08. So it's the
9 most recent sanction example, that I can think of. So with a
10 sanction facing us, we still said no, to the very last
11 minute. With the incentive offered to us for seatbelts, we
12 are still in the process of working to get that part of the
13 seatbelt bill passed. My sense over the last several years
14 is that the incentives that have been offered, with the
15 exception of the incentive for seatbelt -- prior to our
16 seatbelt laws right now. In the past, the incentives have
17 been relatively small, a hundred-thousand dollars to
18 Minnesota. It wasn't until the intended project for
19 Minnesota was 15 million dollars that we got some people's
20 attention. A well-funded incentive I think works better than
21 a sanction. But let me add a little caveat to that as well.
22 Minnesota has suffered the sanction for not having the right
23 six-year periodic federal laws. So we in the past
24 transferred our funds. And we have been able, through our
25 partnerships, to use those funds in ways that we would

1 otherwise not be able to go into new programs. Sanctions or
2 incentives can work in a state if you have people who are
3 willing to look for the possibility of how to make that
4 particular approach work as well as possible. I would urge
5 that there not ever be sanctions that simply put money
6 completely away from the state, that instead, if there were
7 sanctions, that they would transfer funding.

8 SECRETARY PETERS: Thank you very much.

9 Sue.

10 MS. MILLER: I'm sorry, commissioner, but I
11 don't work in a role where I'm much affected by that. All I
12 can speak to is my own personal opinion, that positive
13 enforcement is always much stronger than enforcement.

14 SECRETARY PETERS: Thank you.

15 Max or Stan, please, if you have something.

16 Stan.

17 MR. LAMPE: Kentucky just passed a primary law
18 last year. And, clearly, Kentucky incentives are a way to
19 get the attention of our state legislatures rather than
20 punitive penalties.

21 SECRETARY PETERS: I'm sure it is.

22 Max, I'm going to kind of go back to you on
23 this question, but I would welcome anything that others have
24 to say as well. You mentioned that you're doing some
25 research about the level of alcohol impairment of

1 motorcyclists and how it might be a little bit different or
2 perhaps should be different than that with the general
3 population of .08. And I believe Kathy -- your level at
4 which you're impaired in driving commercial vehicles is lower
5 than .08 as well. And I just want to know what your research
6 is telling you there. Because I am, as you maybe know, an
7 avid motorcyclist. I never, ever ride after having a drink
8 or without a helmet, but, regrettably, that is not the habit
9 of all my fellow riders.

10 MR. DONATH: The research I described is just
11 at the tail end of analyzing the data. I hesitate to share
12 the results. This is funded by the National Highway Traffic
13 Safety Administration. And I really feel awkward releasing
14 our preliminary results without sharing it with NHTSE, our
15 sponsors, who have made it very clear that we not share it
16 publicly until we have a dialogue together. So forgive me
17 for not sharing. But we've done extensive experiments on all
18 manner of behavior in operating motorcycles, and developed
19 all sorts of new capabilities to understand what goes on.
20 But I again have to hesitate because of our contracts.

21 SECRETARY PETERS: I also respect that. And
22 we'll look forward to that day. My last question for the
23 panel -- it's maybe more of a statement and a question buried
24 in there somewhere as well. Many of you are aware of the
25 recent Supreme Court ruling on the Massachusetts v. EPA case.

1 It is going to put significant pressure on increasing both
2 the fuel economy of vehicles, as well as making inroads of
3 alternative or renewable fuels. The Administration's DOT has
4 proposed revising average fuel economy or fuel economy
5 standards for automobiles. And that is similar to what we
6 did with light trucks and SUVs a year ago, which is what I
7 call an "attribute basis." Rather than taking a random
8 number and requiring it that the overall fleet come down to
9 the lower number, it's a look at the opportunity or footprint
10 of each type of vehicle. And certainly one of the things
11 we'll look at is emissions as well.

12 But, Sue, I think this is of interest to you
13 because I've been in your car -- my family in the past. And
14 I think that one of the concerns that I have -- and I would
15 be interested in your opinion -- is that we do do this on an
16 attribute basis as opposed to an arbitrary basis, because
17 it's essentially an overall fuel economy without attributes
18 considered. Automobile manufacturers will go to the smaller,
19 lighter cars to meet the standard and perhaps just the
20 opposite of what you need to take your four children around
21 in. Any comments on that issue?

22 MS. SWANSON: I'm sorry, it's out of my purview
23 as a safety professional. I wish you luck in that, because I
24 think that greater fuel economy is a necessary thing, and you
25 do have to balance it against safety features. There are

1 things that can be done to make even the light vehicles even
2 safer than they are.

3 SECRETARY PETERS: Thank you.

4 Max or Stan.

5 MR. LAMPE: Madam Secretary, we make five
6 different cars in Kentucky, on one end is the Corvette, and
7 on the other end is the Toyota Sienna van, the new Camry, and
8 the Camry -- the hybrid, as well as the Avalon; very
9 different fuel economies. I personally just bought a new car
10 that was not manufactured in Kentucky. My miles per gallon
11 has gone from 21 to 34. And that's good. There's no
12 question it's good. It's a much cleaner car. At the same
13 time, I'm concerned about the financial impact that has on
14 the overall funds. And I think an aggregate approach, as you
15 described, has significant merit that way. We must pay
16 attention to the financial impact of all the cars in the
17 fleet. On one hand, am I to be penalized for buying a more
18 fuel-efficient car. And no one in this room would say that.
19 And lighter cars can be safe cars, we know that. But we have
20 to look at the funding needs of this huge infrastructure that
21 we have in this country. It is an incredible asset and we
22 have to do something.

23 SECRETARY PETERS: Thank you.

24 Max, anything further?

25 MR. DONATH: No.

1 SECRETARY PETERS: Thank you so much. We've
2 got time for another short round with this panel. I'll go
3 back to the same order of commissioners and see if you have
4 further questions.

5 Commissioner Skancke.

6 COMMISSIONER SKANCKE: Thank you, Madam
7 Secretary. I just have a question on safety funding in the
8 state of Minnesota. How much funding did the state of
9 Minnesota get from SAFETEA-LU once they were funded?

10 MS. SWANSON: We are currently managing a
11 budget of about 12 million dollars. Let me give you a little
12 bit of an idea on how that comes about. Prior to SAFETEA-LU,
13 we got about three million dollars in 402 funds for Minnesota
14 -- for driver behavior and things. That portion is now up
15 closer to four million dollars. The total funding that I
16 talked about includes the transferred funds from the ones
17 which were already transferred. That is, for Minnesota,
18 about nine million dollars. If we could pass primary, that
19 initial 15 million dollars would be available to us. Twenty
20 million is a huge dollar amount, based on my nearly 30-year
21 history with the department. For many more years, it's been
22 closer to the three million-dollar range. It is still, what
23 I've heard referred to as, decimal death, in comparison to
24 the whole of the transportation budget. I know that building
25 new bridges and roadways is expensive, but we have found a

1 change in driver behavior is very expensive as well.

2 COMMISSIONER SKANCKE: To that point, you know,
3 one of the things that we're looking at is congestion
4 management. And I'm very familiar with congestion
5 management, particularly in the West, when there's an
6 accident on I-15 between Los Angeles and Las Vegas, where 11
7 million people a year drive -- I don't know why anyone would
8 want to go to Las Vegas. But let's say 11 million people
9 want to drive from Southern California to Las Vegas. If
10 there's a fatality accident, that highway is closed down for
11 six hours, at a minimum. And that's driver safety. That's
12 people not paying attention to the road; that is bridge
13 structures not being wide enough; that is people using their
14 fax machines in their cars, and their cell phones, and
15 putting their makeup on, and, shaving, and everything else
16 that goes on in a car, which -- I believe a car now is an
17 extension of your office and your home. But that's
18 behavioral things. My follow-up question is, is this just
19 about putting more money into the program? Is there an
20 educational component to that? And, then, is it really more
21 about making safety a priority in this country because safety
22 is also a part of congestion management?

23 MS. SWANSON: I think it is about more than
24 just giving us more money, although more money would be a
25 great, great help. It is about making safety a priority. I

1 think our culture as a whole, if you were to compare our
2 cultural attributes to the cultural attributes of -- pick
3 Sweden. I don't know. You can pick a number of different
4 countries -- it is much more here the rugged individualist.
5 These are things that we have built our country around, and
6 it makes it hard, then, to get individuals to think of the
7 cultural, societal good of safe driving behavior.

8 COMMISSIONER SKANCKE: Madam Secretary, if I
9 could, as we look at this overall, what is the big number
10 that this commission needs to recommend to the Congress?
11 And, then, what is our -- how do we fund that? If you could
12 put a dollar amount on what Minnesota needs. As we continue
13 as a commission to deliberate what this number is, what do
14 you think the dollar amount is that Minnesota needs 50 years
15 out in safety? I don't need the answer today.

16 But this is a warning to all of you sitting in
17 the audience, I'm going to ask this question of each and
18 every panelist today. And as my fellow commissioners know, I
19 do want that in writing. But, no, really, I mean what --
20 this commission is not looking just to SAFETEA-LU or the next
21 reauthorization gain. Our charge is 50 years out. That's
22 2060. So what's the safety dollars out to 2060 that this
23 commission needs to make a recommendation to Congress?
24 And, then, how do we fund that is what our challenge is going
25 to be.

1 MS. SWANSON: I appreciate the challenge of
2 that. I have not a number in my head for that many years
3 out. If you were looking at a shorter time frame, we could
4 easily make good use, on the behavioral side, of twice the
5 funding that we've gotten. SAFETEA-LU went a large way to
6 increasing the funding that's available to states. And once
7 we have accustomed ourselves to that roughly 20 million-
8 dollar figure, I know that our safety programs could grow by
9 double, and we'd be able to make really good use of that in a
10 five-year time frame. But a 50-year time frame I'd have to
11 think a little bit more. And I would want to be sure that we
12 were collaborating closely with the technological side.
13 Because I think the whittling away at the safety problem by
14 trying to change driver behavior with our current tool set is
15 not going to bring us fast progress. It needs to be
16 collaborative efforts with the infrastructure involved, the
17 vehicles, and the drivers.

18 MS. MILLER: Commissioner, can I follow up as
19 well? I think the numbers that Kathy was referring to are
20 more on the behavioral side. In SAFETEA-LU, the Highway
21 Safety Improvement Program, on average, is 20 million dollars
22 a year for Minnesota. And that's what I was referring to in
23 my testimony, 50 percent of those crashes -- the
24 serious-injury and fatal crashes -- are happening on the
25 local systems, then that would relay that roughly ten million

1 dollars a year should be invested at the local level.
2 Unfortunately, that probably won't -- we won't see a big bang
3 for our buck, if you will, in the life of SAFETEA-LU to ramp
4 up and develop the protocol and the systems that the state
5 has to get that money out to the locals. It hasn't happened.
6 In my district, for example, we probably won't see that money
7 start flowing to our district until 2010, a year after the
8 bill has expired. So I think there's money that's there that
9 we think might be getting to where the problem is, but it's
10 not quite making it there yet. So we need to streamline
11 those processes as much as we can to get that money to where
12 we need to get it, as quickly as we can, and with as little
13 strings attached, if you will. For a local engineer like me
14 to have to go through the federal process and to deal with
15 all the hoops and the ladders and the paperwork and -- it's
16 not worth it, for a 75,000-dollar grant, for me to spend two
17 months doing paperwork to get that little grant to do
18 something I know needs to be done. And I will add one other
19 point to that. For every dollar that you send to a local
20 county engineer or a local highway superintendent or road
21 manager or whoever it is, whether it's in my home state of
22 South Dakota or Minnesota, that teaches us how to spend every
23 other dollar that we have, with that safety wiseness, with
24 every investment we make on our roadways. We just need some
25 -- a little push to retrain all of us as to how we look at

1 our system.

2 COMMISSIONER GEDDES: One, briefly. Sue,
3 specifically in your testimony you emphasized the importance
4 of getting more detailed crash data and I think that that's a
5 really interesting and valuable point. And I was wondering
6 if you could expand on that just briefly in two dimensions.
7 First of all, what's the nature of that data? What
8 dimensions of a crash are collected? And what's most
9 valuable? And, then, second, how could this commission
10 facilitate that? Because I am a big believer in the
11 collection of analysis and dissemination of data. And I was
12 wondering if you could address those two points.

13 MS. MILLER: As I mentioned, Commissioner,
14 Minnesota, like many states around us, have very good crash
15 data on all public roads. But in my role with the National
16 Association of County Engineers, and traveling through all
17 the states that I've had the opportunity to travel to, we are
18 not the norm. That is a very rare occasion, to see that
19 crash data is being collected on the local road system. And,
20 so, I think one of the things that really needs to happen is
21 it can't just be left to the locals to develop that crash
22 system, that has to be done in partnership with the state, to
23 make sure we're collecting that data across the system.
24 Specifically, the crash data that's most important to us is
25 getting accurate location data. For example, I have a

1 county/state 835, and I have two freeways that go through our
2 county, I-35 and I-90, cross. That's a crossroads of those
3 two freeways in our county. Many of the crashes early on in
4 the crash management system were coded to our county road
5 instead of Interstate 35. So one of the strategies, if you
6 will, might be with the technology and using the GPS
7 technology that's out there to accurately locate these
8 crashes and import them into our GIS systems, that we're all
9 using on a daily basis, so we accurately know where those
10 crashes are, and to be able to do that in more of a timely
11 manner. Sometimes it takes us two, three years before we get
12 that data back to even be able to use it.

13 Now, on the local system, it's pretty easy for
14 me. Because if we have four or five fatalities in a year or
15 four or five serious-injury crashes, I know where they are.
16 You know, I know whose brother that was. I've been
17 approached by somebody's mother, father, sister, or brother
18 about why that fatality happened. But to look at the picture
19 with all the data in mind, you really need to have that more
20 accurate data come back to us.

21 COMMISSIONER GEDDES: If I could extend it a
22 little bit. In the first part of your answer, I'm a little
23 bit confused. Why is the location of a crash a matter of
24 confusion? Isn't that known with certainty and, then, can be
25 recorded, and then you know where patterns develop over time?

1 MS. MILLER: The location of the crash is known
2 the certainty. How to record what that location was in a way
3 that is meaningful to other people, as they put that data
4 into databases, is not so easily transferable. So there's a
5 lot of -- and some of those problems are being solved.
6 But I really believe that when you have a variety of
7 law-enforcement officers responding to these crashes, that we
8 need to give those folks the tools, whether they're
9 technology-based pools or what kind of tools they are, so
10 they can get all that data in. Most squad cars now -- not
11 Freeborn County yet -- but most squad cars now come with a
12 laptop in them, and if they could be outfitted with GPS right
13 there and they can do an online crash report that electronic
14 data automatically goes into those statewide databases and
15 comes back out automatically within a day or two so people
16 like me can access that, people at the state patrol can
17 access that, you know, that data needs -- and the securities
18 have to be there so we can all access that. But the
19 technology is there for us to do that. We just need to have
20 some good strategy on how and why we do it.

21 COMMISSIONER GEDDES: Thanks very much.

22 MR. DONATH: Can I add that we are analyzing
23 intersection crashes across eight-partner states, and it is
24 mind boggling how poor the data is in these other states.
25 Minnesota is a leading edge of how to collect and store this

1 data and make it accessible; but it's not the case across the
2 country.

3 COMMISSIONER QUINN: At the risk of perhaps
4 making another speech rather than asking a question, I would
5 like your comments on the proposal that I put forth as
6 chairman of the ATA and supported by, certainly, my company,
7 U.S. Express, that manufacturers on commercial vehicles have
8 a maximum speed limit, you know, that's basically tamperproof
9 at 68 miles per hour -- which has met with, you know, some --
10 in the industry some -- definitely some opposition. And
11 there's a rule-making proceeding that FMCSA is looking at
12 this as a proposal and, certainly, we heavily support. But,
13 as you know, that gets into that "what is right." I had,
14 actually, a carrier in Kansas who -- I probably shouldn't
15 name the state, but I just did, but -- who said to me, "I
16 don't have a problem with the proposal. I just think the
17 number should be 95 instead of 68," at which point I -- I
18 didn't even have a response, you know. I was just
19 speechless.

20 But do you think there's any possibility that
21 state support, along with this, to help reduce excessive
22 truck speeds and, ultimately, perhaps even automotive speeds,
23 that there be a top end type of thing, in the interest of
24 safety -- a top-end speed -- at the manufacturing level,
25 using the technology that's served to do that?

1 MS. SWANSON: Based on what I've seen over the
2 last 30 years, I think that is a great, informed decision
3 that won't get implemented. We have the hardest time getting
4 drivers and legislatures to understand the physics of a
5 crash, and the fact that at certain speeds all of the safety
6 vehicles that -- safety devices that are built into the
7 vehicle and into roadway are not going to help you if you're
8 traveling too fast. That at certain speeds, the human body
9 just cannot recover from a sudden stop. I have jokingly said
10 that we need to fund better education of physics in our high
11 schools so that we could get drivers to understand why they
12 need to buckle up, why they need to drive the speed limit.
13 It would take a huge cultural shift to accept governors on
14 vehicles for travel speed. It would also produce a huge
15 safety benefit.

16 MR. DONATH: I'd just like to add a brief
17 comment. If we had a national speed-limit database, we would
18 be empowered greatly. Much more than having a national speed
19 limit, if we simply had a database of what the speed limits
20 are, and you, as the truck operator, knew if your driver was
21 going over that local speed limit, then you can make the
22 decision of what you do with that data. I think we are
23 empowered with more knowledge. And if we had more
24 information about how people are driving relative to their
25 local speed limit, we can do a whole lot more than enforcing

1 one national speed limit for everybody.

2 COMMISSIONER QUINN: Thank you. And you are
3 correct, because having a top-end speed does not mean you're
4 compliant with the speed limits on a secondary road or a
5 different street.

6 MR. DONATH: Absolutely. And the secondary
7 roads in counties is where we have the worst problems.

8 COMMISSIONER QUINN: But speed still is the --
9 it seems to me like it's the biggest contributor to fatality
10 accidents and injury accidents that we are not adequately
11 addressing. That could be a step. It's not the answer, but
12 it's a possible step in that direction. Thank you.

13 SECRETARY PETERS: I'm just going to wrap up
14 this round again by thanking you all very much for the
15 preparation you did, the testimony you submitted, your work
16 here today. And, of course, there's travel for several of
17 you to get here. Very helpful to us as we form our
18 recommendations. Thank you so much. We're going to take a
19 15-minute break and, then, we will convene the next panel,
20 Panel 2.

21 (The hearing stood in recess at approximately
22 9:45 a.m., and reconvened at approximately 10:05 a.m.).

23 SECRETARY PETERS: Thanks, everyone. We're
24 going to start with our second panel now. This is a panel on
25 the Role of Rural Areas and Local Governments in a New

1 National Transportation Policy.

2 And I want to welcome our five panelists. What
3 I will do is just introduce each of you at the onset and,
4 then, we'll go in order, starting with director Lynch, for
5 your testimony. We would ask that you limit your oral
6 testimony to about five minutes. We do appreciate your
7 written testimony that has been provided. And I promise you
8 that we have all read that and have had an opportunity to go
9 through that. Then we will go into a round of questions with
10 the commissioners interacting with you, and we'll give each
11 commissioner five minutes on each round. And hopefully we
12 can proceed with more than one round, as we go forward.

13 Again, thank you for being here. We appreciate
14 your attendance.

15 We will start with James Lynch. He is the
16 director of the Montana Department of Transportation. He was
17 previously the public policy adviser for Oldcastle Materials,
18 Northwest Group, in Kalispell. He was also the president and
19 CEO for Pack and Company in Kalispell for 15 years, and spent
20 eight years as the general manager of highway maintenance for
21 Johanson County (sic) --

22 MR. LYNCH: Johanson Construction.

23 SECRETARY PETERS: Johanson Construction, in
24 Spokane, Washington. Thank you, Jim. Welcome to the panel.
25 We're glad to have you here.

1 Steve Albert, our next panelist, is director of
2 the Western Transportation Institute, for the College of
3 Engineering, in Montana State University. Under his
4 leadership, the Western Transportation Institute has
5 developed a national reputation for looking at transportation
6 challenges facing rural America.

7 Steve, welcome. We look forward to your
8 testimony as well.

9 Our next panelist is Wayne Brandt -- I'm sorry
10 -- it's Colleen Landkamer. We'll do you first -- we'll go to
11 Colleen first.

12 Colleen Landkamer -- am I saying that
13 correctly, Colleen?

14 MS. LANDKAMER: Yes, you are.

15 SECRETARY PETERS: Thank you for being here --
16 is president of the National Association of Counties. She
17 was very instrumental in the formation of the Rural Action
18 Caucus, a group of more than one hundred county officials
19 that lobbies on rural issues before Congress and the
20 Administration. And Colleen has also served as a Blue Earth
21 County Commissioner of Transportation in South Central
22 Minnesota since 1998.

23 Colleen, welcome, and thank you so much for
24 being here today.

25 Now I'll go to Wayne. Wayne Brandt is our next

1 panelist. He is executive vice-president of Minnesota Forest
2 Industries and Minnesota Timber Producers Association. Wayne
3 managed two reelection campaigns for Minnesota's Eighth
4 District Congressman Jim Oberstar, a gentleman we now call
5 "Mr. Chairman," as he is chairing us. From 1995 to 1997, he
6 was president of the Iron Mining Association of Minnesota.
7 Wayne Brandt resides in Duluth, Minnesota, with his wife Jan
8 and his daughters.

9 Wayne, thank so much for being here and being
10 part of our panel today as well. I appreciate your
11 attendance.

12 And last, but not least at all, David
13 Christianson, who is an associate with SRF Consulting, in
14 Minnesota, recently named one of Engineering News Records top
15 500 design firms. Congratulations on that designation.
16 Dave's focus is freight transportation today.

17 Thank you again for being here.

18 We'll commence with director Lynch, with
19 five-minute testimony, please. Thank you.

20 MR. LYNCH: Thank you, Madam Chair, and members
21 of the commission. I'm Jim Lynch, I am the director of the
22 Montana Department of Transportation. And I appreciate the
23 opportunity to be here before you today. You do have my
24 written testimony, so I'll concentrate on just some points of
25 my written testimony. And I'll try to very brief.

1 The title of this panel refers to "local
2 governments." I'll talk about local governments and the
3 effects on federal funding with it.

4 I might add that I've had a lot of experience,
5 not only as a director, but also being part of the private
6 sector, working with local communities, local governments,
7 dealing with the Department of Transportation. And I believe
8 that the Department of Transportation values its working
9 relationship with our local government partners, and we hope
10 that in the future processes of the Federal Highway
11 Administration that those efforts and those working
12 cooperations are allowed to continue.

13 Local governments on the federal -- the focus
14 of most local governments on a federal-aid highway system are
15 actually below the interstate and NHS system. Montanans --
16 Montana believes that these minor arterials and major
17 collector routes are an important part of the national
18 transportation system, and we have created, within the
19 Department of Transportation and the state of Montana,
20 guaranteed funding programs to support these roadways. In
21 fairness and due -- and also to the support and appreciation
22 to the Federal Highway Administration, we couldn't have done
23 this without the current federal aid program -- without
24 federal -- current federal aid program, including edgeability
25 and providing the funding for it, for more than just the

1 interstate or the NHS system.

2 The most important point I'd like to make today
3 is that there is a strong federal interest in investing in
4 rural state highways, including highways beyond the
5 interstate and NHS system. These include:

6 Connectivity between urban centers. You know,
7 trucks that carry goods from the West Coast to the Midwest --
8 basically, Seattle to Chicago -- move products through states
9 -- large states like Montana. And they benefit metropolitan
10 areas, both at the beginning and at the end, even more so
11 than the states that they travel through.

12 A network of highways beyond the interstate
13 ensures that the interstate system will not degrade from
14 excessive access points, and that freight can reach
15 moderate-sized communities on more cost-effective highways.
16 And what I mean by that is that much of our highway system is
17 two-lane highways. And we need to continue the investment to
18 both invest, modernize, and preserve the two-lane highway
19 system investment that we made over the years in this
20 country.

21 The non-NHS federal highway routes provide
22 important links, not only to businesses but also recreation
23 and agriculture.

24 In agriculture, the continuing reduction for
25 agriculture, and the impacts these highways have on

1 agriculture -- you can see it in Montana with the continued
2 reduction in rail branch lines -- which makes highway routes
3 below the NHS even more important to the success of
4 agricultural products.

5 As far as recreation and tourism, quality roads
6 to access great national parks of the West benefit citizens
7 of the entire country and not just the citizens of the states
8 in which these parks are located. In 2006, Yellowstone,
9 Glacier Park, and the Teton National Parks hosted almost ten
10 million visitors. When you compare that to the total
11 population of Wyoming and Montana -- which is barely a
12 million and a half -- you can see the importance of non-NHS
13 -- interstate roadways are very important to the vitality of
14 that industry and the vitality to all people in this country,
15 not just the residents of those states.

16 The sparsely populated West has a limited
17 ability to pay for the national connectivity that benefits
18 this entire nation. In Montana, we have 29 people per lane
19 mile of federal-aid highway compared to the national average
20 of a hundred and twenty-eight. Now, our 29 people per lane
21 mile is also included in that national-average number. So if
22 you remove rural states like Montana and Wyoming and North
23 Dakota, that average would actually be higher. And our per
24 capita income is far less than most of the states in this
25 country. So federal investment is needed in rural states

1 like Montana to ensure that there's a national and connected
2 system. In Montana, Cos., or private partnerships are not a
3 viable option providing transportation infrastructure.

4 It's so important for the federal government to
5 invest in the national system of highways that includes
6 investments in rural states as well as in congested
7 metropolitan areas. The nation, as well as Montana's
8 citizens, are beneficiaries of federal transportation
9 investments.

10 With inflation, aging infrastructure, the need
11 for highway investment is large and growing. These growing
12 highways cannot be significantly offset by other modal
13 options. Highways in the past, today, and in the future
14 still remain to be the principal choice of mobility.

15 Efficiency in program delivery is very
16 important. We do not see the need to create new program
17 categories. What we'd like to see is a higher portion of the
18 federal highway program dollars be dedicated to the core
19 program and allow flexibility within that program to meet
20 states and local government needs.

21 We also urge the continued efforts to
22 streamline projects and program delivery.

23 Continued investment in the federal-aid program
24 below the NHS is also important for safety reasons. My
25 prepared statement highlighted that rural roads, despite our

1 best efforts with current funding, have much higher fatality
2 rates than urban freeways.

3 I'm going to conclude here now and bring us
4 back in time 60-some years, when President Roosevelt formed a
5 highway committee to study this very same issue. And this
6 committee discussed a lot of things, but one of the things
7 that was intriguing is they stated that "The federal
8 government has a substantial interest in many other roads and
9 possibly other city arteries. Its assistance should not be
10 confined to the routes included on the recommended limited
11 (interstate) system." It was true in 1943, and it is still
12 true today in this country in 2007.

13 Thank you very much.

14 SECRETARY PETERS: Thank you for your
15 testimony, director Lynch.

16 Moving now to Steve Albert, please.

17 MR. ALBERT: Thank you for the opportunity to
18 participate in the developmental of a plan for the future of
19 America's transportation system.

20 Currently, national transportation initiatives
21 tend to focus on congestion issues in urban areas. The
22 Western Transportation Institute would like to put forward
23 for your consideration the transportation needs of rural and
24 frontier America. I'm not here today to advocate for
25 specific funding formulas but, rather, what are the

1 opportunities for solving some of the rural problems.

2 WTI is in a unique position to provide research
3 and technical assistance to approximately 35 states, ranging
4 from the large frontier states like Montana and Wyoming, to
5 the more heavily populated states like California,
6 Washington, Pennsylvania, Arizona, and Virginia.

7 When we look at the United States, we tend to
8 visualize it like Swiss cheese. Urban areas are random holes
9 across the landscape that attract most of the attention,
10 while rural areas are the large tracts of solid mass in
11 between that do not stand out. National transportation
12 policy focuses on the holes in the system, but sometimes
13 loses sight of the system as a whole.

14 What are the rural challenges and
15 opportunities. We think one of the opportunities is
16 increased safety on our rural highways. It's essential that
17 we increase our attention on two-lane rural highways to
18 address capacity, operational and, obviously, driver-behavior
19 issues. With 60 percent of the fatalities happening on
20 rural highways, and if you drive on a non-interstate roadway,
21 you're four times more likely to get killed. Rural highways
22 really have a need. And you also couple that with 80 to 90
23 percent of the issues are related to driver behavior,
24 something has to change. One of the things that scares me as
25 a researcher and as someone who lives in the West is a letter

1 I received from the Western Governors' Association that says
2 42 million more people are headed to the West by the year
3 2030. What is that going to do to our two-lane rural
4 highways.

5 The other area with this migration from the
6 urban area is the impact on wildlife habitation and the
7 environment. The population growth and development threatens
8 wildlife habitats. I think it's becoming a more
9 environmental issue. The WTI developed to present to
10 Congress, through Secretary Peters' office, a national study
11 on wildlife-vehicle collisions. In that report, there are
12 over two million collisions each year relating to
13 animal-vehicles, a big problem. So there are proven
14 technologies and mitigation measures that might include
15 wildlife underpasses and overpasses, fish passages, and
16 animal detection systems that may help out in some rural
17 areas.

18 So six of the ten fastest growing areas in the
19 United States being the West, we are obviously going to be
20 looking at changing land-use patterns and maybe the need for
21 a more comprehensive planning approach to look at more
22 regional-level authorities, regional-level issues and, even
23 on a multistate basis, to look at how transportation can be
24 more proactive in influencing land use.

25 The other issue is relating to freight. You

1 will hear lots about that today. I'm not going to go through
2 those statistics. But maybe one of the things you haven't
3 thought about is how does rural America affect that. I think
4 there's an opportunity for rural America to be the staging
5 point for looking at intermodal hubs and intermodal
6 opportunities, that then schedule fleets to be able to move
7 from the rural area to the urban area, thereby reducing the
8 congestion in the urban area.

9 The other area I think that's terribly
10 important that also was picked up by Jim Lynch here was the
11 relationship between transportation and tourism. If you look
12 at any state in the United States -- and rural states,
13 specifically -- tourism is the second leading economic
14 indicator. National parks, tourist attractions, and other
15 outdoor recreation have huge destination patterns. One of
16 the things I think we need to look at from a transportation
17 perspective is how do we enhance that, how do we provide ITS
18 improvements across -- that was started through, actually,
19 Secretary Peters and, then, Victor Menendez -- was looking at
20 the CANAMEX corridor -- that looked at five western states,
21 and looking at ITS improvements related to tourism that could
22 generate over 400 million dollars in economic activity
23 through those five states in ten years.

24 One of the areas that I think is terribly
25 important is -- have you ever used your cell phone in a rural

1 area? It's full of dead spots. How do we provide, when 40
2 percent of all 911 calls are by cellular coverage in rural
3 America -- we're dying out there because we have no
4 communication infrastructure. We're also dying out there
5 because there is no public safety support to provide for that
6 communication infrastructure to move people out of the urban
7 areas when something happens to a rural area.

8 The other area is relating to transit. Yes,
9 rural areas do have public transportation needs. When we
10 look at rural America, about 38 percent of the people have no
11 access to rural public transportation or 28 percent have
12 little access. I think when we talk about public
13 transportation in a rural setting, it's not about employment,
14 it's not about reducing congestion, it's about a lifeline.
15 We need public transportation and more innovative solutions
16 for public transportation to provide for medical services,
17 whether it be rubber-tire or even steel-wheel maintenance, in
18 some of our most isolated areas, like using the Empire
19 Builder, or even looking at air service for public
20 transportation may be needed in the future.

21 I think one of the things that we find also in
22 rural America is that we need a slight paradigm shift in
23 terms of who's really involved in transportation. It's not
24 just the state DOTs, it's not just local DOTs, it's tribes,
25 it's tourism. Maybe we need a national blue-ribbon committee

1 that could be pulled together to say: "What are the needs
2 for a rural and frontier America, beyond just transportation
3 needs?"

4 All these investments I think will have obvious
5 benefits, but I think it's terribly important that we look at
6 rural America outside of those holes and consider it as a
7 comprehensive system and not just the urban centers.

8 Thank you for your time.

9 SECRETARY PETERS: Thank you for your
10 testimony.

11 Colleen Landkamer.

12 MS. LANDKAMER: Thank you, Madam Secretary,
13 members of the commission.

14 As you all know, there's 3,066 counties in this
15 nation, but well over 2,000 of them are rural. Local
16 government routes are essential to ensure a strong economy.
17 These routes link communities for a regional economy, and
18 they connect the interstates and the national highway system.
19 The connections are essential to get raw materials to
20 regional centers and, then, to be able to get the final
21 product back to consumers. Many of these freight movements
22 start or end on a local road. Hopefully your recommendations
23 will include a strengthened consultation and cooperative
24 requirements in the planning process.

25 Federal and state governments have the luxury

1 of relying on user fees for funding. Unfortunately, local
2 government must rely on our own source revenues, which is
3 primarily property tax, to finance our infrastructure. Our
4 residents understand the connection between gas tax and good
5 roads. They have a much more difficult time understanding an
6 increase in property tax and a good transportation system.
7 It just doesn't connect sometimes. Simply put, federal funds
8 are needed to make these connections. We cannot raise
9 property taxes high enough in order to meet the needs of all
10 the users.

11 In southern Minnesota, the economy is very
12 dependent on agriculture. Today, farms, and the equipment
13 used, are significantly larger than in the past. The
14 structural capacity of our current road system is
15 increasingly strained. We need a focused plan that invests
16 in routes that can carry heavy commercial vehicles. The
17 Association of Minnesota Counties and the Minnesota
18 Department of Transportation are working together to define a
19 subset of major county roads to build towards a ten-ton
20 system. This could be a valuable network across this nation.

21 Other parts of Minnesota rely heavily on the
22 tourism industry. Our lakes and forests are very attractive
23 to visitors, both within the state and from outside the
24 state. Visitors travel to rural regions to fish, to relax,
25 to hunt, to hike and, as Congressman Oberstar would say, "To

1 bike." To get there, they are often driving on our rural
2 two-lane highways. It has been said previously, and let me
3 say it again, these rural roads have the highest fatality
4 rates of any road. More people die on rural roads than any
5 other type of road. And while Minnesota is extremely proud
6 of the work we've done to reduce fatalities, much work needs
7 to be done. Strong federal requirements, supported by
8 funding, can ensure safer roads are built. The flexibility
9 in the current bill that allows us to partner with
10 enforcement agencies, educational efforts, and emergency
11 services, that needs to be maintained. We need all those E's
12 to make a difference in the safety arena.

13 And speaking on behalf of the National
14 Association of Counties, as our world becomes more closely
15 tied through trade and economic development, there's a need
16 for a stronger federal role. So when you think of freight
17 movement and the issue of getting agricultural products to
18 market quickly and inexpensively, we all need to consider the
19 interrelatedness of our transportation system. Blue Earth
20 County, where I'm from, depends on the strength of North and
21 South Dakota systems to get our product to the West Coast.
22 If you're going east, congestion in Chicago clearly affects
23 our businesses as our product move through the bottleneck in
24 metropolitan areas. We need our federal program to ensure
25 uniformity in the highway system.

1 Transportation research and technology transfer
2 is a critical federal investment to ensure continued
3 innovations in our transportation infrastructure and
4 services. Much of the research done at the state level can
5 be leveraged with funds and other state DOT funds if we have
6 the FHWA to help bring us together, through pooled fund
7 studies and organizations like the Transportation Research
8 Board, LTAP centers, and like our own Center for
9 Transportation Studies right here in Minnesota. We need a
10 strong federal presence for transportation research in the
11 new bill. Its pays for itself time and time again.

12 Some new policies that need streamlining in the
13 processes are -- for example, Mn/DOT's state aid division
14 worked with our counties and cities to develop an online
15 project memo writing tool. It's used to write environmental
16 documentation required for simple federal transportation
17 process. It's been referred as a "turbo tax" for
18 environmental documents. Sharing best practices like these,
19 if systematically collected, and shared with other states,
20 would be very helpful.

21 Thank you for the opportunity to comment.

22 SECRETARY PETERS: Thank you, Commissioner. I
23 appreciate your testimony.

24 Mr. Brandt, please.

25 MR. BRANDT: Thank you madam chair, members.

1 Members of the organization that I represent
2 are in the forest-product business. They include paper
3 mills, saw mills, engineered wood products, manufacturing
4 facilities, loggers, and truckers of logs from the woods to
5 the mills.

6 Our industry is the fourth largest
7 manufacturing industry here in the state of Minnesota. If
8 you go back a couple years, we were the second largest
9 manufacturer in Minnesota. We have seen our economic
10 position within the state and region decline, primarily
11 because of cost structures and pressures there, including in
12 the transportation area. We are not per se in the
13 transportation business, although some of our members do
14 truck their products from the woods to the mills. But as
15 movers of freight and producers of freight, we are people
16 that pay for the freight to be moved, whether it's the
17 railroad costs, shipping costs, the trucking costs or, in
18 the area of trucking, the fuel taxes that are imposed.
19 Ultimately, as shippers, we're the ones that pay the freight.
20 I would note that we're certainly willing to pay our fair
21 share of the freight. In fact, here in Minnesota this year,
22 and for the last several years, we've been supporting a gas
23 tax increase to fund the roads here in the state. And
24 understand that as users of the system, we need to be part of
25 the solution for improving the situation with our roads.

1 Here in Minnesota, we move wood from the woods
2 to the mills, some 1,000 truckloads every day; 365,000,
3 approximately, on an annual basis. But a little more heavily
4 concentrated in the winter months, when we're able to access
5 swamps. But it is the only way we can get the wood from the
6 woods to our mills.

7 We also move substantial amounts of the
8 outbound products on trucks and rails. There's not a lot of
9 printing facilities or home building in Grand Rapids,
10 International Falls, and Bemidji, Minnesota, so we've got to
11 ship it somewhere else.

12 On the paper side of the business, only 23
13 percent of the material that we produce is shipped to
14 Minnesota and, then, converted into other products. So more
15 than three-fourths of it is ultimately shipped out of state,
16 either on truck or rail.

17 We've seen changes, an evolving freight
18 situation in our industry. I was visiting with the manager
19 of one of my paper mills last week, and he told me that he
20 went back five years, about 80 percent of their product was
21 being back shipped out via rail, 20 percent by truck. And
22 that has flipflopped over the last five years to where they
23 are now 80 percent truck and 20 percent rail. So, you know,
24 the roads have gotten increasingly important to us as we've
25 seen a changing face in the whole transportation business.

1 One of the reasons for this mill's, and a
2 number of our others, ship from rail to truck -- a couple of
3 reasons, one is the business model. A railroad tends to
4 seek, you know, longer hauls of homogeneous commodities. We
5 don't fill up a whole trainload with oriented strandboard or
6 paper. So there's been less interest in serving some of
7 those markets. And for our members that are captive of
8 individual railroads, the confiscatory and, I dare say,
9 predatory pricing directed at gap to shippers has caused a
10 conversion of some products from rail to truck. So here in
11 our rural economy in Minnesota -- and I believe we are, along
12 with agriculture, the largest player in our rural economy --
13 you know, we have a strong need to have an appropriate and
14 well-funded and structured road system, as well as a rail
15 system. This benefits us and, in fact, it's a requirement
16 for us in our manufacturing business. But as a couple of
17 other speakers have mentioned, it's also vital to our tourism
18 and other economies, particularly in northern Minnesota. We
19 may not have the traffic counts of urban areas or some of the
20 regional centers, but for the economy to get our products in
21 and out, and to facilitate the movement of people for
22 recreation, we need ongoing investments in these roads.

23 There are two things that I would suggest for
24 consideration, one is in the area of weight restrictions for
25 movement of commodities. We believe that truck weights need

1 to be increased throughout the system, both on interstates,
2 where there are many exemptions throughout the system, as
3 well as on state roads that are built to appropriate
4 standards. We believe the research is clear that with extra
5 axles that this will actually reduce wear and tear on the
6 roads, with extra brakes on those axles, that safety is
7 improved, and that there will be a significant fuel savings
8 and concurrent emissions savings there.

9 We also would encourage our friends in the
10 railroad business to expand their service. I think that at
11 the federal level we need changes to improve their abilities
12 to competent with each other through elimination of the
13 antitrust exemption, and scrutiny of what type of services
14 are going to be provided, if requested tax advantages are
15 granted.

16 Thank you, Madam Chair.

17 SECRETARY PETERS: Thank you, Mr. Brandt.

18 Mr. Christianson.

19 MR. CHRISTIANSON: Thank you Secretary Peters,
20 Commissioners. We're going to talk today about rural
21 transportation, particularly freight transportation. Some of
22 the trends that we found in Minnesota are long-term trends
23 that have gone on for most of the 20th Century, like farm
24 consolidation and rail consolidation, truck size and weight,
25 technology. Other things like the biofuels industry, shuttle

1 trains, and intermodalism are things that have occurred just
2 in the last ten years and are creating new trends in the
3 marketforces.

4 We see that U.S. DOT is projecting that freight
5 transportation in the Upper Midwest should increase by 71
6 percent over the current 20-year period. We can see by our
7 own projections that rural transportation, particularly in
8 the corn belt, are going to far outstrip that projection.

9 The report that we're talking about is a report for District
10 7, which is one of the eight districts in Minnesota. Mn/DOT
11 did an innovative study, taken from a 30,000-foot level, of
12 freight transportation, down to literally skimming the
13 corn-tassel tops, and looking at local businesses and what
14 happens here at the local level. So we have seen the effects
15 of what's happening currently with biofuels and corn and
16 DPGS, and other issues. Cost use in this district are more
17 than half agricultural products and food products. The
18 district itself is well served by a network of national
19 highway-system roads, state-trunk highways, and county roads,
20 as well as two Class I railroads, DME, a Class II railroad,
21 and two publicly owned shortlines.

22 The key commodities in this area are corn,
23 soybeans, and hogs. Five million hogs are half of the ten
24 million that Minnesota produces and have been ignored in the
25 past is something that we're looking at. Ethanol. Minnesota

1 represents the third largest state in the U.S. in production
2 of ethanol, and this district produces half of that.
3 Eighteen plants, and currently more being built for the
4 state. This gives you an idea of what's happening with
5 agriculture stuffs and on a per acre basis.

6 In the last 35 years, corn yield has increased
7 by a factor of two, from roughly about a hundred bushels per
8 acre out to a hundred and ninety bushes per acre in this
9 district. Soybeans, the same pattern, up 55 bushels per
10 acre. This is partly because of good management and partly
11 because of genetics. And it represents, like I say, a
12 hundred-year trend. Hogs has tripled in the same period.
13 Ethanol growth. Ten years ago, we had policies in place but
14 no ethanol production. This gives you an idea of the
15 coverage of plants in Minnesota that are pushing this
16 forward. You can see in just a two-year period, ending with
17 the harvest season this year, the production of ethanol in
18 this district alone is going to double and that will account
19 for 33 percent of the corn products raised in this district
20 within a collection area of these plants. The economics have
21 taken off. You can see that corn has historically stayed at
22 a two-dollar per bushel level. And that's been levels that
23 have been in existence almost since the 1960s. Soybeans have
24 slowly been going in price. Now we've seen it doubling,
25 partly because the surpluses finally are gone and the market

1 prices are responding to that. Ethanol has one major theme
2 that you should keep in mind is that corn moving into the
3 plant at two dollars a bushel comes out with the value added
4 of six dollars a bushel, with gasoline at two dollars per
5 gallon, and DDGS, distillers dried grains, coming out at a
6 hundred and twenty dollars, comparable to corn meal soybean
7 meal for livestock feed. The market is going to respond to
8 this farm level, partly because crop rotation will move to
9 more corn, partly because of better genetics, management will
10 push up production. But we will see in just a five-year time
11 about a 200-percent increase in freight at the farm level in
12 farm fields. That effects every section of the road network
13 and the rail network. This is just a graph showing how that
14 could happen, and over a 30-year period how that will build
15 on top of Mn/DOT's current projections of traffic.

16 We're looking at some specific trends out in
17 the field. Ten years ago, less than a third of the traffic
18 from grain production moved to the elevators in big trucks,
19 five-axle or 80,000-pound trucks. Today, 65 percent of the
20 trucks are moving that way. A lot of those trucks are
21 farmer-owned. Over half of the trucks privately registered
22 in Class VI and VIII sizes in Minnesota are related to
23 agricultural use and are farmer-owned. Vehicle sizes.
24 Trains are bigger. We have shuttle trains running now at a
25 hundred and ten-car unit trains -- a hundred and ten tons per

1 unit, which has drastically reduced costs and improved
2 capacity of the rails. Ethanol is now moving in unit trains.
3 That means that rail cars -- not only are the trains getting
4 bigger, but the rail cars are getting bigger and straining
5 the infrastructure. Truck size and weight is already at
6 80,000 pounds as most common means of traffic, even down to
7 the farm level. That is proposed to move operations to the
8 89,000-pound level. That increases road wear. That 10,000
9 pound increase in truck weight increases road wear by a
10 factor of two, at the local level. And that also effects the
11 infrastructure -- bridges, and the like.

12 We have opportunities and challenges out there
13 that you can read in your handout, but the main thing we're
14 looking at is the huge growth in energy, because the energy
15 independence in the heartland of North American corn belt as
16 being the thing that is going to drive transportation at the
17 local level. Thank you.

18 SECRETARY PETERS: Thank you so much for your
19 testimony, panel.

20 Mr. Brandt, you're going to have an opportunity
21 to give us a copy of your presentation for the record and we
22 greatly appreciate that.

23 We'll go to the first round of questioning,
24 five-minute rounds by the commissioners. And we'll start
25 with Commissioner Cino.

1 COMMISSIONER CINO: Thank you very much. You
2 know, I think that -- I grew up in a more urban area, and I
3 don't know that I really had a great appreciation for the
4 rural roads. As I moved around the country, I certainly got
5 a much clearer reality check on the importance of rural
6 roads, and how much we all depend on the rural roads with
7 regard to, particularly, the economy. And as we see what's
8 happening around the world, globalization, but also what's
9 happening here with just something as simple as alternative
10 fuels, and how we're increasing what's being shipped across
11 the country through some of the more rural areas. I guess
12 the thing that I struggle with, I know the commission
13 struggles with, if you all could make a recommendation to us
14 to make to Congress, how will we get the Congress to not only
15 understand -- because I do think they understand the
16 importance -- but appropriately fund more money for rural
17 roads, when you look at the fact that we need more capacity
18 in some of the urban areas, and new capacity in some of the
19 growing areas. We sometimes take for granted the rural areas
20 -- the rural roads because we're not seeing as much
21 congestion -- but that's another question -- with regards to
22 that. So, I mean, one of the struggles we have is we -- we
23 understand -- we've grown to appreciate the importance of
24 rural roads. But what's the recommendation that we can make
25 to Congress to see how we can kind of level the playing field

1 a little bit? And I think -- the only other comment I'll
2 make is I think -- on this particular question is -- and I
3 think, Wayne, you talked about the gas tax. Well, it only
4 goes so far. And I think that's part of our problem, the gas
5 tax only stretches so far. What happens is, if you will, the
6 squeaky wheel gets the proceeds. In my mind, I would
7 indicate that the squeaky wheel happens to be the larger,
8 more congested areas, which tend to be the more urban areas.
9 So I throw that out to you as to how do we -- what are the
10 recommendations that you would make us to make to Congress to
11 see how we might be able to do more for the rural areas? --
12 which are so important.

13 MR. LYNCH: Do you want me to start?

14 COMMISSIONER CINO: Sure.

15 MR. LYNCH: Well, I think you raise a very
16 important question. And I think that we really need -- my
17 advise to this commission, and to my partners on the federal
18 side, is that we really have to be careful of earmarking
19 particular highway funding. I think it's more important to
20 look at what are the needs of the national system -- the
21 entire system, both the interstate and the rural system.
22 What are the needs. In a lot of the states, the flexibility
23 to use those funds to meet their needs within their states.
24 We're not all the same. I think sometimes we get caught up
25 in trying to make a cookie cutter-type answer to a particular

1 transportation problem that has to be addressed nationwide,
2 and I think in some cases that creates some inefficiencies
3 within your own transportation network within your state.
4 I think that looking at our needs, being responsible with
5 those needs, making that recommendation to the federal
6 government, and allow the states the flexibility to use that
7 revenue in an area that really preserves their transportation
8 system. It doesn't necessarily say that all of this -- "X"
9 number of dollars has to go to the urban system and "X"
10 number of dollars has to go to the interstate system, but
11 allow them the ability to be credible with the revenue that
12 they've got, and demonstrate that they are capable of
13 preserving their transportation system and giving them that
14 flexibility to do that.

15 MR. ALBERT: Do you just want us to go done the
16 line?

17 COMMISSIONER CINO: However you want to do it.

18 MR. ALBERT: You know, the difference between
19 urban and rural is really a mindset. When you talk to a
20 urban person and you talk about that you have transportation
21 challenges in a rural area, they say, "What are you talking
22 about?" The visualization of rural is also difficult because
23 it's so broad. And it's really not about one single
24 solution, it's really a broad cross section of solutions,
25 because transportation in the rural area is really more about

1 linkages. And transportation may not be a hook that you can
2 bring the stakeholders to the table to talk. It's about the
3 effects of transportation. So I think you do have to look at
4 a more systematic way and how the funding will support the
5 entire system as opposed to just those type of small pots of
6 money to go to a certain applicable area, whether it's
7 safety, whatever it might be. It really involves much more
8 systematic approaches, and provide those linkages to tourism,
9 to raw goods, et cetera, et cetera.

10 MS. LANDKAMER: I'm the third one running out
11 of things to say. But I do think that when you talk about
12 the capacity piece, it's how do you get those goods to
13 market. I live in District 7, actually -- and you just saw
14 the graph on it. Alternative technology for new fuel, we're
15 doing a lot of that there. Every farmer practically has a
16 big semi that they're moving stuff on. They're doing that on
17 our roads were not built for that. So the systematic
18 approach is really critical. And flexibility is important,
19 give us the outcome and let us figure out how to get there.
20 And the other piece is property taxes are not the way to fund
21 roads, frequently. And, so, when you talk about people from
22 urban areas coming up to the lakes to be at the cabin for a
23 week, they sometimes don't think about how they get there or
24 how they get home. And frequently on the weekends, you do
25 have a lot of congestion, people going up and coming back.

1 And, then, if they're visiting parks, or anything like that,
2 they're usually not paying the property tax but they're using
3 the road. So I think the capacity piece is pretty important.

4 MR. BRANDT: I think another point is to look
5 at our national economy from a national viewpoint. I mean we
6 can either continue to exacerbate the problems in the
7 metropolitan areas -- and I'm down here a lot, even though I
8 live in Duluth -- increase your congestion by having the
9 economies continue to grow, primarily in the urban areas, or
10 we can look at investments in infrastructure, both
11 transportation, communication, and other otherwise, in our
12 rural area. I mean in my community, they're converting, you
13 know, old warehouses into condos and people are moving up
14 from the Twin Cities, there's apartments that are condos up
15 above beach options in downtown Duluth that people are buying
16 as urban cabins, from the Twin Cities' area. They like
17 living in the rural area, they like being there. And I think
18 that as we continue to invest in the infrastructure as a
19 matter of national policy, we can reduce the expansion of our
20 metropolitan areas, and the congestion, and the other issues
21 that are concurrent with that.

22 MR. CHRISTIANSON: I think there's a couple of
23 things to keep in mind when we're looking at a 50-year
24 horizon for your work, and that is that, first, we are short
25 of funding right now. It would be good to have a ten-ton

1 load network out there in the rural area, it would definitely
2 help our industry and our renewable resources policies to
3 grow at the rate that it needs to grow, at the rate that the
4 governor and the President have placed as our goals. But we
5 are not keeping up with current funding at the federal level
6 of gas taxes and the state level of gas taxes. This may be
7 controversial, but it's a fact of life, the highway trust
8 funds are virtually drying up in front of us. That is a
9 system that is not broken. It doesn't need to be fixed in
10 the short term. Over the long run, as fuel efficiency gets
11 better and we lose that as a source of revenue, then we
12 should look at alternate needs. But in the short run, we
13 need to look at what works and what's in place right now.

14 The other thing is the direction of funding.
15 One of the things we've been a leader here in Minnesota is
16 that we are looking at all parts of the network as suitable
17 for investments and we are happy to do that prioritization
18 locally as long as we have support with national policies and
19 some of the funding when it comes. I would second the issue
20 that we shouldn't look at earmarks so much as just a good,
21 solid funding source. And we have funded short-line
22 railroads and railroad rehabilitation here in the state with
23 state money, just to keep that capacity in the network,
24 knowing that it was coming, and now we're seeing the results
25 of that. In northern District 7 alone, we spent 13 million

1 dollars -- half of the state, half of the federal -- to rehab
2 a 94-mile short line in 2002. In 2003, an ethanol plant was
3 built on that line. We saved 15 businesses along that line
4 and put in place a 250 million-dollar-a-year new business for
5 the price of less than 14 million dollars as a one-time
6 investment. That's good public policy. And the federal
7 programs like TIFA and RIFF are there, they can support this,
8 but the federal strings and the paperwork that needs to go
9 through and the requirements to get that money become onerous
10 at the local level and, so, they haven't been upped. That is
11 a resource we need to have.

12 COMMISSIONER CINO: Thank you. If I might just
13 ask -- whoever wants to jump in -- one of the things that --
14 as we look at a 50-year-out plan -- but I think even as we
15 look at a five-month or a five-year plan -- in much of the
16 research and data that I've looked at, what we're seeing is
17 the congested areas, which are the urban areas, become more
18 congested, but we're also seeing and hearing -- and I wanted
19 some of you-all's opinion on that -- is that congestion is now
20 spreading over to some of the more rural areas. And I guess
21 my question is what are you all seeing -- because you really
22 live and breathe it each and every day -- if that is, in
23 fact, true -- and what recommendations you might make with
24 regard to that.

25 MR. BRANDT: Fifteen years ago, when you'd

1 drive from the Twin Cities to Duluth, the traffic would thin
2 out about ten or 15 miles north of town here, now it's
3 halfway to Duluth. And many of those people are commuting
4 from those areas into the, you know, ex-urban areas, you
5 know, outer-ring suburbs. I see it every week when I come
6 down here.

7 MS. LANDKAMER: I come from Mankato to
8 Minneapolis. Mankato is in southern Minnesota. It used to
9 be if I left Mankato at 8:30 in the morning, I could just
10 drive right to downtown Minneapolis without any problem. Now
11 it's matter of what time I drive in. I start hitting traffic
12 about two counties out -- and it's heavy traffic -- and it
13 doesn't go away. I mean no matter what time of day you come,
14 there's a lot of traffic, there's a lot of congestion.

15 I live in Mankato, which is a regional center.
16 We are a county of about 58,000 people. We grow to about two
17 hundred and twenty during the day, because people come into
18 work, people come into shop, things like that. When you talk
19 about rural, it's all in the definition sometimes. So I
20 think we've seen huge changes.

21 I also think we need to really focus a lot more
22 on multimodal transportation. I'm, you know, an hour and
23 fifteen minutes from the airport. If I could take a commuter
24 train to the airport, if I could take a bus, if I could take
25 a rail, all those things could make people's commuting in

1 much better. I do have a shuttle from Mankato. Five times a
2 day it come homes -- five times a day from the airport. It's
3 a wonderful service, if you're leaving after nine o'clock in
4 the morning on a plane or coming back before eight o'clock at
5 night. But, I mean, some of those alternative forms of
6 transportation are really critical for our future, I think.

7 MR. LYNCH: If I could add a little bit to
8 that. I feel a little bit uneasy answering that question.
9 Because when you look at the state of Montana, our busiest
10 road is 30,000 ADT, and it's only for maybe a three and a
11 half mile section of roadway. And it's not or interstate. I
12 think what that tells you is that the road system within our
13 rural area in Montana is not an interstate-based road system.
14 It really involves an awful lot of our non-NHS roadways that
15 move our traffic.

16 We have seen considerable growth in Montana,
17 relative speaking, considering the size of our state. But we
18 haven't seen the growth around the interstate as much as we
19 have seen it around our non-NHS highway systems, that's where
20 we're seeing the growth. And we're working very closely with
21 the Department of Transportation with those local
22 communities, trying to identify what some of those impacts
23 could be on the overall system. And it is hard for us,
24 particularly when we're dealing with funds that could be
25 restricted or certain pots of money that can't be used here

1 but can be used here, our flexibility is hindered a little
2 bit. But we try to work very close with our local
3 governments in trying to identifying what those needs are
4 going to be. But we're going to consistently see that in
5 Montana. You know, we aren't creating any more land but we
6 are creating more people, and we're going to see that growth
7 in our state because we have the available space. But I
8 don't believe we're going to see it at this point in our
9 interstate system, we're going to see actually more growth
10 off the interstate system.

11 MS. CINO: Thank you.

12 SECRETARY PETERS: Commissioner Quinn.

13 COMMISSIONER QUINN: Following up, mostly on
14 what Commissioner Cino was asking, kind of relates to -- in
15 the testimony you've given us is kind of eye opening to me,
16 even with a rural background, the increase in corn production
17 and bushels per acre, and the fact that obviously the rails
18 are not handling these types of matters, what's used creates
19 more truck traffic, more wear and tear on the roads, your
20 comments about the 80/20 flip on the transportation of
21 timber, simply because there's no other alternative. I know
22 that we've seen statistics that show about 80 percent of the
23 communities in the United States have no alternative service,
24 other than trucks, for commercial purposes. While this might
25 not solve this -- and obviously that puts a greater wear and

1 tear on the rural roads that perhaps were not designed for
2 that -- has there been any type of -- in your areas or these
3 regions with this increased growth, a needs assessment about
4 what needs to be done for rural roads in the future?

5 MR. BRANDT: We share -- on a biannual basis,
6 we track and plot the movement of our freight, both into the
7 manufacturing facilities and out, and, then, share that with
8 Mn/DOT. And Mn/DOT has been very responsive in looking at
9 that data and, you know, considering that as they look at
10 rebuilds in the process. We don't generate the number of
11 vehicles per day that are necessary. But it is vital to the
12 economy, so we track that for our industry and share that as
13 seen. You know, a good response from the agency.

14 MR. LYNCH: In Montana, we get asked that
15 question a lot, particularly in the trucking industry. And
16 an area that we really need to be concerned with in the
17 trucking industry, and understand this, we have about 2,700
18 bridges in our state and they've been built a long time ago.
19 And although our highway designs and whatnot have been
20 modernized to a point on our main traveled roadways, our
21 bridges are still something that are a concern to us. And
22 when we look at size and weight or look at different ways in
23 which we can move freight, we need to take into consideration
24 where the bridges in our transportation system affect that.
25 And we're aggressively looking at bridge rehabilitation and

1 bridge replacement program that we can in the state of
2 Montana with the limited funds that we have. But that's an
3 obstacle we see in moving the freight. And, again, it just
4 dovetails right back in to why it's important not to just
5 look at a particular part of the transportation system, you
6 have to look at the whole system and how it's integrated
7 within your state's rural traffic. I don't know. I hope
8 that answers your question.

9 MS. LANDKAMER: If I could just hone in on the
10 bridges. The policy to fund our bridges is really critical
11 for the future. When we look at rural areas, especially the
12 agricultural area, a lot of our bridges aren't wide enough
13 now to accommodate the new types of equipment they need in
14 order to do that. So the question is do you, you know, redo
15 the bridge, do you close that road and make them go 40 miles
16 out of their way -- I mean, I think those are a lot of
17 questions that are out there -- and when is it economically
18 feasible to do that and when is it not.

19 SECRETARY PETERS: Commissioner Geddes.

20 COMMISSIONER GEDDES: Thanks very much, and
21 thanks for this wonderful presentation. Again, very
22 educational on an issue that I think we need to focus more
23 on. All your comments are much appreciated.

24 I'd like to address Mr. Lynch initially. A
25 couple points he noted already is the flexibility of federal

1 monies is restricted, the other restrictions on the use of
2 funds. And in your response to the squeaky wheel point that
3 Commissioner Cino pointed out, that we need to look at the
4 needs of the system overall in a wholistic sort of way when
5 allocating them. I personally am somewhat skeptical of that,
6 that federal monies would be allocated in any other way than
7 in this squeaky wheel kind of way that they've been allocated
8 in the past, and that the federal government is going to
9 allocate the money in a way that's politically most
10 beneficial to them. So I was kind of surprised in your
11 verbal comments that you said that you viewed tolls and
12 public-private partnerships as not viable for your state.
13 And let's put the private category issues aside for one
14 minute and talk about why -- I'm curious as to why you would
15 think that tolling would not be a viable option. Because, to
16 me, it seems like that would give you an independent source
17 of revenue that would not have all these problems associated
18 with it as you just articulated. I mean, it's clear to me
19 that you do not need congestion to do tolling. You can do
20 vehicle miles traveled or other ways. I'm just curious. So
21 if you could follow up on that.

22 MR. LYNCH: I'll try to follow up the question
23 in there. I guess first off --

24 COMMISSIONER GEDDES: The first topic is about
25 your -- the line in your opening statement.

1 MR. LYNCH: First off, it certainly never hurts
2 to ask, to answer your question as far as increase in
3 flexibility. And I think if you were going to reform the
4 transportation, you're going to ask that of the federal
5 government. It has to be prepared to be credible with the
6 revenues that it spends. The Department of Transportation, I
7 think, does a very good job in analyzing the traffic needs,
8 off the political sector, in managing our assets and
9 determining what we need, because we have three areas that we
10 look at. We look at congestion, we look at safety, and we
11 look at revenue, the actual condition of the asset itself.
12 And we spend the very limited dollars that we have in the
13 state of Montana to get the biggest bang that we can for that
14 and to maintain a level of service, because Montanans and the
15 people who travel in our state expect. And I think we do a
16 very good job of that. Is that going to meet all the needs
17 in the state of Montana? No, it's not. But we also have to
18 be realistic and recognize that we're probably not going to
19 get the total revenue to meet our needs.

20 I talked a little bit on this against your toll
21 roads, when I talked a little bit about the size of Montana
22 and comparing ourselves to other countries. One thing that I
23 didn't tell you that in -- and according to the U.S. Census
24 Bureau, back in the late 1800s, they established two
25 categories for areas within this country, one being settled

1 and one being frontier. And they stated that if anyplace has
2 more than six people per square mile, it is -- over six
3 people per square mile is considered settled. In the state
4 of Montana today, we have 22 of our 56 counties that don't
5 even meet that category. We're still considered frontier to
6 the 1800 U.S. Census Bureau statistics. So when you go to
7 the tolling picture, we need to ask ourselves, what revenue
8 are we going to generate in tolling our highways, and what is
9 -- what revenue are we going to generate, and what is going
10 to be the cost of the infrastructure and the mechanisms
11 needed to collect it. And I think with the sheer numbers in
12 Montana will tell you that we just don't have the capability
13 to meet the needs that we need, strictly with tolling our
14 roadways. Now, I'm not saying that tolling may not be
15 effective in heavy congested areas in other parts of the
16 country, but keep in mind our busiest roadway in the state of
17 Montana is 30,018 per three or four or five mile section of
18 roadway. We have a tremendous disparity -- or --
19 distribution of traffic throughout our whole entire system in
20 Montana. And in order for us to even think that we could be
21 effective and fair, we'd almost have to toll every single
22 roadway in the state and that's just not practical. That
23 just won't happen in the state of Montana.

24 COMMISSIONER GEDDES: I'm trying to approach
25 it, sir, from a policy perspective. I'd just be curious if

1 any other members of the panel would want to address that
2 same question, to what extent the problems that you have
3 articulated could be addressed to tolling.

4 MR. ALBERT: Tolling is obviously one tool in
5 the toolbox, and most closely aligned with congestion
6 mitigation. Tolling may make sense in rural environments.
7 Not so much on the system as a whole but in spot
8 improvements, where you know you have demand in feeding
9 capacity; or in and around high tourist visitation areas,
10 where we get a huge migration, in most rural areas, of
11 nonresident population coming in, to maybe even employing
12 tolls in some of those high visitation areas -- around
13 tourist destinations, around recreational destinations,
14 around national parks. But as a system as a whole, the
15 numbers from a benefit cost standpoint of putting in
16 infrastructure for money returned is not going to make sense.
17 And I would say that's probably true in most rural states,
18 large frontier, rural rural states. It will make sense
19 around high visitation areas, whether they be seasonal or
20 whether they be metropolitan areas.

21 MS. LANDKAMER: He said exactly what I was
22 going to say, only much better. Another thing that about
23 tolling is if you're in a rural area, people might find ways
24 to go around the tolls, using roads that really don't have
25 the capacity to carry them, so they go around as opposed to

1 through.

2 MR. LYNCH: Can I add -- just brief?

3 COMMISSIONER GEDDES: Yes, please.

4 MR. LYNCH: You know, I think another point
5 that is very characteristic, I think, of all the rural states
6 is a lot of our travel from point to point is to go to the
7 grocery store or hardware store, or whatever the case may be.
8 We're not traveling two miles. In some cases, we're
9 traveling 30, 40, 50. In some cases in Montana, we travel to
10 other states for services. So the impact on people using
11 roadways from a toll aspect, we just can't deal with this
12 just from the standpoint and the characteristic of how far we
13 travel between point to point.

14 COMMISSIONER GEDDES: Thank you.

15 SECRETARY PETERS: Thank you.

16 Commissioner Odland.

17 COMMISSIONER ODLAND: The testimony has been
18 interesting, because with ten hearings now -- approximately
19 ten hearings -- we've heard a lot about the urban areas and
20 the congestion, and I think lot of us were thinking that
21 everything would be fine in the rural areas until we came
22 here. We tend to think of the rural areas as everything is
23 fine because there's a lot of capacity and very few people,
24 so, you know, what's the issue. But I think you've packaged
25 it in an interesting way, which is that the rural areas

1 become connective points to the urban areas. So it is an
2 important way to think about things because, you know,
3 freight in from the west and goes to the east, and, you know,
4 everything comes through the rural areas. So we can't think
5 of just, you know, wiping that problem away. But one of the
6 things we've heard a lot about are public-private
7 partnerships and privatization as a way to solve some funding
8 needs. And I would be interested in -- and, you know, you
9 see states like Indiana and Illinois taking advantage of
10 those things, with either selling off their roads or
11 long-term leasing, a 99-year lease through private companies,
12 and so forth. The question is how would some of the rural
13 areas deal with some of the privatization, and, you know,
14 what is your reaction to those techniques? We've heard your
15 reaction to tolling. But some of the other techniques as it
16 relates to your capacity needs or maintenance needs.

17 MR. CHRISTIANSON: I'll start off. The rural
18 area, as we see it now, is heavily involved in both public
19 and private areas in partnership. It's their way of life.
20 They have cooperatives there that are a fixture of the
21 landscape. Local officials sit down every morning and have a
22 cup of coffee with local farmers and local truckers and local
23 feed mill operators and they know what's going on. I mean,
24 it's a case of government being transparent. To privatize,
25 for instance, the public road investment, the first basic

1 issue we've already talked about, you know, with low
2 density, who's going to do it and where are you going to
3 collect enough money from. Secondly, everybody who sits out
4 there in the rural areas paying taxes wants to know, do they
5 need to pay more taxes, and what are they going to get for
6 it, if that's the case. And, then, they want to know what
7 are they getting now for the taxes that they're currently
8 paying, that's the bottom line. It's a case that, at the
9 local level, private versus public is not the issue, it's
10 private working with public and vice versa that is a fact of
11 life out there, and they want to see that, you know, freed up
12 even more than what they have, and just basically recognized
13 for the importance that they have out there in the rural area
14 in the upcoming economy.

15 COMMISSIONER ODLAND: My question relates to
16 privatization as it relates to road ownership or management,
17 in the case of, for instance, the Indiana toll road or the
18 Chicago skyway, where they done 99-year leases on the roads
19 in a way to get infusion of private capital to manage the
20 roadways. And the question is whether that sort of a scheme
21 would work in the rural area.

22 MR. CHRISTIANSON: If you're looking at the
23 technology, tolls, probably, without any cost -- transponders
24 on each vehicle that will handle the amount of mileage that's
25 put on that vehicle and used as a tolling mechanism. And,

1 again, the problem with tolling in the past has been very
2 costly. You spend almost as much collecting tolls as you do
3 getting revenue. That can't happen if you're going to do it
4 in a rural, low density area. And, secondly, once you do
5 that, you still have to have a redistribution mechanism on
6 the public side. Because when you have a small roadway
7 that's only handling a couple hundred or a couple thousand
8 ADT, it's not going to generate enough to support the
9 maintenance on that roadway. We have rural counties in
10 Minnesota right now that not only is Mn/Mn/DOT keeping track
11 of what their needs are just for preservation and their
12 prioritizations and their share of the state highway trust
13 fund for that local county road, they're finding some
14 counties are not getting enough to even maintain their
15 current level of service, much less increased needs that they
16 have in the rural areas.

17 MR. LYNCH: I think another question -- I mean,
18 you raise a good question -- and I always hate following up a
19 question with a question, so I'll try to make it a
20 nonquestion, if I can. But it's what are they going to get
21 in return. I think that's really the biggest issue here when
22 you privatize roadways. They're aren't doing this out of the
23 kindness of their heart. You know, profit is driving their
24 motivation to privatize. And what is that profit figure
25 costing the public sector or the people that are using the

1 roadway. I think that's a bigger question that you have to
2 look at. In a more populated area, the impact per individual
3 may be significantly less. But it's in the rural states that
4 don't have the numbers that can fund what they're getting in
5 return. Because they have to be getting something for that
6 privatization. And, then, we need to look at who controls
7 what they get in that return. I mean, we can privatize the
8 roadway, but does that give them particular rights and limit
9 growth on a particular highway system and make sure that
10 other highway systems aren't improved in a way that can
11 compete with their growth. So I think it's a real -- it's a
12 great concept, it's a great topic, but I think it has a lot
13 of additives, excuse the pun, that really needs to be
14 analyzed before you just automatically say that, you know,
15 privatization is the answer, you know, for our highway needs.

16 MR. ALBERT: In dealing with folks who are
17 predominantly from the urban area, they generally take the
18 concept that applies to urban and say, "Why can't it work in
19 rural?" the privatization of roadways. You know, I think in
20 transportation from the rural perspective, transportation is
21 really a lifeline more than it is of just a way to get
22 between Point A and Point B, and can we privatize it. And I
23 think the commission should be asking broader questions about
24 the lifeline for rural and partnerships beyond just the
25 highway, and how can we provide better lifeline connectivity

1 through partnerships relating to public transportation. For
2 instance, in rural areas, when you have to go see a doctor in
3 Montana, Wyoming, places like that, you may have to drive 300
4 miles to get to the right doctor -- 400 miles, 500 miles.
5 Should we not be looking at partnerships in transportation to
6 provide for air service to provide the connectivity, not just
7 privatizing a road that no one's going to get any return on
8 their investment anyway. Or should we be looking at more
9 innovative public transportation systems that maybe share
10 fleets -- rubber-tire fleets between different communities
11 rather than just privatizing the road. Because more than
12 just the road, it's really about relationships.

13 COMMISSIONER ODLAND: If I could follow up. So
14 what you're saying is that we ought to be thinking about the
15 rural road networks as connectivity points between the urban
16 areas. You're also saying that private management of those
17 networks in the rural areas -- I think everybody's nodding
18 that that's not the right thing. So let's take it the other
19 way. What if the road networks are privately managed in the
20 urban areas, what happens to -- what is the impact, then?
21 Because your point is you can't support it. But think about
22 it differently. What happens if everything else is
23 privatized and those sources of revenues, then, are located
24 in those areas and the uses are focused in those areas, what
25 happens to the rural networks in that case?

1 MR. ALBERT: As a transportation planner, what
2 you may end up seeing, because you know there's always an
3 interrelationship between transportation and land use, is an
4 increase of what we currently see in terms of ex-urban
5 migration, and that people think maybe it's better to be
6 living in the more rural area than it is in an urban area
7 because of that taxation.

8 COMMISSIONER ODLAND: Not if you have to drive
9 500 miles to find a doctor. It's cheaper to move them.

10 MR. ALBERT: Now you know our world. So, you
11 know, that may happen. And I make this a point. I used to
12 manage much of the Houston transportation system ten years
13 ago. I called my friends back in Houston after the hurricane
14 hit there, and I asked, you know, "What was your biggest
15 challenge?" "Our biggest challenge really wasn't getting
16 people out of the urban area, it was the capacity and the
17 institutional relationships, and those constraints when they
18 got to the rural area of getting them out of the metropolitan
19 area, because the rural roads became the roadblock to moving
20 that many people out of urban areas." No one ever thought
21 about that.

22 MR. LYNCH: And I think with they -- you know,
23 I think my concern is still the same. Whether it's urban or
24 whether it's urban (sic), it's still the same. And I think
25 -- well, again, what are they getting for their investment.

1 And you have to look at if we're going to privatize an urban
2 roadway, and they're going to compete at a level -- to a
3 non-privatized roadway, what's driving the bottom line. And
4 when -- first of all, if I'm a private businessman -- which I
5 was -- and developed a product, I want to know what I can
6 sell the product for, what my market is, and how long I can
7 sustain my market, and what I can do to be competitive with
8 my product. And if I'm going to have a highway system, I'm
9 going to ask the same thing, because I'm going to invest
10 several dollars in it, what's my rate of return, and how long
11 can I protect that rate of return for that investment. And
12 if I have outside competing efforts that are affecting my
13 bottom line, where do I make it up. Do I make it up in the
14 services, if it has one itself, and to what extent can I do
15 that without losing all of my customers. So I think --
16 again, I think we have to be very cautious when we use
17 privatization for funding our highways. I think we need to
18 understand some of the ramifications of that may be. And we
19 should always, whether it be private or public, your goal
20 that you're all trying to achieve is a highway system that is
21 effective and efficient.

22 COMMISSIONER ODLAND: Yeah. And I'm not going
23 to putting words in your mouth, but, you know, we've been
24 hearing a lot about these, and they're sounding pretty good.
25 I think what you're warning us about is -- or -- bringing to

1 our attention is it's a network and we ought to be thinking
2 about the revenue for the network. And if we remove certain
3 parts of the network and the revenue stream from that certain
4 parts of the network, and you don't subsidize other parts of
5 the network, then, you know, you couldn't remove the revenue
6 for that without removing cost. And one simple way to do it
7 is to say, "Well, you know, who cares. It's the rural
8 network and nobody lives there." But you're saying that the
9 whole network relies on all of the pieces in the network. So
10 if you think about removing certain revenue streams from --
11 you know, in the urban areas, you then still end up with the
12 cost in the rural areas, and we need to be thinking about it
13 wholistically -- which is an interesting dilemma.

14 MR. LYNCH: And I agree with that. You have to
15 keep your eye on the ball.

16 MR. BRANDT: You could ultimately exacerbate
17 the problem. I mean, Highway 11, which runs along the
18 Canadian border in northern Minnesota, one of my past
19 presidents of one of my organizations owns a business, saw
20 mill, and logging operation. He employs about 40 people.
21 Highway 11 needs to be rebuilt, and if Highway 11 can't get
22 rebuilt, there are some timber products that can't compete,
23 there's 40 fewer people working in Baudette, Minnesota.
24 They've got to go somewhere. They're going to end up in the
25 urban area. And adding to the congestion down here, they're

1 going to find a job down here.

2 MS. LANDKAMER: I think this is a huge policy
3 question, it really is. You know, how do you invest. My
4 personal opinion is that privatization happened because
5 people knew that roads were needed and it was the only way
6 they could get them built at this point in time. I think we
7 really need to think long and hard about the policy
8 implications of this and what happens if they have the road
9 for 20 years and then it gets turned back to the local
10 entity. Has the road been kept up. What are you left with.
11 I think there's huge policy implications here.

12 SECRETARY PETERS: I'll go down to Commissioner
13 Skancke, and, then, I'll wrap up this round of questioning

14 COMMISSIONER SKANCKE: I am so glad I'm not in
15 Chicago today. You are my people. I haven't heard cities
16 like Mankato and Ipswitch and Albert Lea in 25 years. This
17 has been great. I want to help my friends that have not
18 spent a lot of time in the urban areas of this -- I'm sorry
19 -- in the rural areas of this country. Because the way I
20 grew up getting directions from my grandmother was not, "You
21 go out Interstate 29 or 229 and take Exit Ramp 26." It was,
22 "You take this gravel road three miles south, you make a
23 right-hand turn at Jones' land, and you go two miles past
24 Swenson's, you make a left-hand turn at Johnson's lane and
25 its will be three miles past that." My point of that

1 discussion is that, Commissioner, you said they'll find
2 another alternative. Gravel roads do not show up on your GPS
3 system and that's how a lot of us get around in rural
4 America. The interstate highway system is an integral part
5 of the overall systematic operations of transportation, but
6 the way we get from farm to farm is by the back of a pick-up
7 truck or a tractor and that's called "transportation." You
8 know, the joke in the -- there's a poster, actually, I
9 believe in a governor's office in either Idaho or Montana
10 that shows a picture of traffic congestion in rural America
11 is two tractors coming to one intersection at a gravel road.
12 That's reality.

13 To the tolling discussion in rural America --
14 and I do support public-private partnerships, and a tolling
15 component that is a portion and a part of the solution. But
16 I don't want to be the toll operator in that booth in rural
17 Montana, when a guy pulls up with a shotgun in the back of
18 his pick-up truck, wanting to collect 2.25 from somebody.
19 Those are the realities of what's happening in rural America.
20 And the fact that there are demands that are different --
21 keep in mind that people in rural South Dakota have to go to
22 eastern Montana -- or -- I'm sorry, southern North Dakota and
23 western Minnesota for their services, that a Wal-Mart that's
24 being built in rural Montana or rural South Dakota is serving
25 an area and a region of three to 500 miles away. And that's

1 reality. And that it's true that people in Sisseton, South
2 Dakota are going to Minnesota for their goods. The state of
3 South Dakota is actually in a joint-venture agreement with
4 other states on educational issues, because the state of
5 South Dakota can't fund a school in counties for six
6 children, so they either have to bus them -- which is another
7 transportation component to this -- or they'd have to send
8 them to a different state. People in Wyoming travel to
9 southern Montana for their services. Rural connectivity is
10 actually in worse shape than urban connectivity. States want
11 flexibility -- and I'm going to get to my question in a
12 minute -- but I am wondering if -- I hope I can help everyone
13 understand that it's not from a rural area that the rural
14 system is -- how do I say this right -- the interstate
15 highway system and the connectivity in rural America is
16 probably more important than it is in urban America and the
17 sensitivities that go along with that are extremely
18 important.

19 Now, earmarks come about from a -- in my
20 opinion, earmarks come about because there has been no vision
21 in transportation to bust-up dates. And this commission has
22 been charged to create that bold vision out 50 years.

23 I want to learn more from you, Colleen, on your
24 ideas of -- I hear all the time that "We want more
25 flexibility but there needs to be more of a federal role."

1 And I think those two things are completely dynamically
2 opposed. And we hear across the country states wants more
3 flexibility but, then, we hear, "We want a stronger federal
4 role." I don't know how you got there.

5 And, then, Dave, my question to you is going to
6 be on something very near and dear to my heart is that
7 there's a lot of things broken inside of the system. And you
8 talked about people not -- you talked about organizations and
9 agencies not understanding the TIFA program and RIFF. And I
10 think there are things that this commission can make
11 recommendations to Congress on how we can improve a lot of
12 these federal programs and deliver bodies in a timely manner.
13 So those are my two questions, and I'd appreciate any
14 feedback from any members of the panel. And I want to thank
15 you today for your testimony. This has just been
16 outstanding.

17 MS. LANDKAMER: Thank you. Those are good
18 questions. I think the federal role needs to be that there's
19 a connective vision out there that ensures that there is
20 connectivity across this nation. And I think that's
21 critical. I also think dollars need to come from the federal
22 government in order to help with this. The flexibility piece
23 to me is a lot of the hoops, the bureaucracy we have to go
24 through in order to do anything with federal money. If that
25 could be streamlined and made more user friendly so that what

1 needs to get done gets done, but you don't do, you know, the
2 same form 40 times over and send it to 40 different people
3 and, then, one organization can stop it when 40 others have
4 signed off on it. Some of those issues are really important.
5 And that's why I talk about flexibility. When we talk about
6 the "turbo tax" that the state of Minnesota has put together
7 so that it's much easier to, online, do the documentation
8 that needs to be done, but doing it in a way that makes sense
9 and is much simpler. Those are the types of flexibilities
10 that I think are critical for us in the future.

11 MR. CHRISTIANSON: The constraints on the
12 federal systems and the accountability -- I like to say that
13 accountability usually is translated as being "You need to be
14 accountable to me, not accountable to somebody in the
15 system." It's something that has evolved over the last
16 several years that is a negative trend that I see in
17 government. But we have areas like TIFFIA and RIFF where
18 the paperwork and the qualifications and the reporting
19 documentation over the life of a loan are such that sometimes
20 a private investor or a state agency may have to invest 20 to
21 30 percent of that loan in just the reporting requirements
22 and that does become onerous. We have alternatives. In
23 SAFETEA-LU, there is a country-wide authorization for state
24 infrastructure banks that also can invest in rail, as well as
25 highway. Channeling the loan authorizations and the

1 appropriation amounts that might be made available for RIFF
2 and TIFPIA, for instance, through those state infrastructure
3 banks, as an alternative might be a way around that. The
4 other thing is that instead of accountability, transparency
5 usually serves the same purpose. I talked about local
6 transparency of government. If a program is authorized and
7 advertised as being for a certain purpose, and everybody
8 along the way can see if that purpose is being used, and can
9 go back and check on the use of that money, whether it's
10 Colonial funds or earmarked. You know, the Fifth Estate has
11 always been good at that. They don't play that role anymore.
12 We don't have newspapers reporting as a matter of fact, you
13 know, how those government dollars are being used, because so
14 much of it is fun, and covered up, and everything else. I
15 don't see that as a major problem going down the road.
16 We have areas like the Federal Motor Carrier Safety
17 Administration, where, if you look at their programs, we have
18 -- just motor carriers alone -- six different reporting
19 requirements for every private trucking firm in the country
20 to talk about different overlapping safety programs. And
21 that doesn't count the state programs and the rail safety
22 programs, like Operation Lifesaver, and everything else. You
23 know, we tend to leave what's there in place and not sunset
24 anything, and, then, see a problem, whether it's fixed or not
25 -- whether it's broken or not and, then, fix it because

1 somebody has a new idea. We've got to have a wider vision
2 and look at how it effects the cost of doing business.

3 You talked about privatization of roads and
4 tolling. It comes down to everybody in the rural area is
5 very, very self-sufficient, everybody's a businessperson.
6 They know what their bottom-line dollar amounts are. And
7 they know what tax is, they work it into the cost of their
8 business. If they have to pay tolls going into the metro
9 area of the Twin Cities in order to get their product to a
10 grain elevator to get it onto a barge, they will work it into
11 their cost of doing business. But if that cost of having the
12 extra toll isn't paid back in terms of shorter transit time
13 for that truck and the money they're paying to the driver,
14 they're not going to come here anymore. It's pure and
15 bottom-line economics. We've got to always keep that in
16 mind.

17 COMMISSIONER SKANCKE: Madam Secretary, could I
18 just have a -- oh. Go ahead.

19 MR. ALBERT: I guess your question was what
20 should the role of the federal government role be in
21 transportation policy. And I kind of jotted down some notes.

22 1. I think it should be related to leadership
23 and institutional change. Many times within state levels of
24 government, institutional change is difficult, if not
25 resistant. And one of the things the federal agencies I

1 think can be is a catalyst for empowering some level of
2 institutional change.

3 2. I think the federal government should be
4 looking at the system or systems, not individual state
5 systems, but the connectivity between those.

6 3. I think if the federal government is to
7 provide leadership, I think ultimately that leadership is
8 going to be related back to performance -- what is the
9 performance of our roadways, our transit fleets, our
10 facilities, whatever you would call "performance" as it
11 applies. And I will bet if I were looking at a crystal ball
12 in 50 years, and with all the technology that we're deploying
13 on our roadways, on our fleets, whether they be snowplows or
14 transit, with the ITS stuff that's going in the ground and
15 into fleets, we'll see performance being tied back to
16 funding, through monitoring systems, at some point in the
17 future.

18 Those are at least what I think the federal
19 government will probably be looking at in the next 20 to 50
20 years. It's kind of those three efforts, and probably some
21 level of technology transfer so that we can transfer best
22 practices from one state to another state, from one country
23 to another country.

24 MR. LYNCH: If I may -- if I could answer your
25 question -- because I used the word "earmark" in my oral

1 testimony here today -- and I used it in more of a generic
2 sense, because it applies both ways -- it applies both to the
3 congressional action of earmarks on the safety to build, and
4 what congressional members got for earmarks. And I use it
5 also in the sense of how the federal highway egg program is
6 disbursed amongst the states in order to spend.

7 And where I made the comment about flexibility
8 and putting more of it in the core programs, it's an
9 efficiency issue with the state of Montana and that
10 relationship. When you look at 1990, before ISTEA, a hundred
11 percent of the trust-fund money went to the states. I think
12 in my written testimony, ISTEA, 94.7 percent of that
13 amount of money that was allocated went to the states. In
14 TEA-21, 85 percent went. And, then, in 2006, under
15 SAFETEA-LU, 82.58 percent got to the states. So there was
16 other monies held back from the core programs to be earmarked
17 for particular projects that may have very valid and
18 legitimate needs in certain states. It may not have the same
19 need and interest in the rural states.

20 The other side of the earmark question is I
21 don't think that we had a lot of earmarks because Departments
22 of Transportation weren't listening to its community or the
23 U.S. Department of Transportation wasn't listening. And I
24 can only speak for Montana. But I've been associated with
25 several other directors and other issues. I think it's

1 because that's the way the system grew. And if you were
2 savvy in your state, you understood that that's how you got
3 revenue for your state. Every earmark -- well, almost every
4 earmark -- probably well over 80 percent of the earmarks that
5 the Department of Transportation in Montana received was in
6 our core program. If we'd not had those earmarks and they'd
7 been given to the core program, those projects would have
8 been built and programmed. So we work very close with our
9 federal delegation in Washington, through the earmark
10 process, to make sure that the money that was given to the
11 state of Montana to build roadways were actually roads that
12 we could build and roads that we needed and communities
13 needed. We had several dialogues with local communities,
14 cities, towns, counties about projects they may have had.
15 And we understood the importance of their projects to, again,
16 the transportation system and we supported that. So I think
17 -- you know, for Montana, the earmark was not a negative
18 thing, and it wasn't put on projects that weren't building
19 roadways. They were actually going into what we had already
20 planned, what our MPOs and our communities had already
21 planned. And that's how we move forward, through our
22 earmarks.

23 SECRETARY PETERS: I hate to be the one to
24 interrupt this, but the clock tells me it's past time. I'm
25 going to forego questions, but I do want to make a couple of

1 comments here. Having been the director of Transportation
2 for the state of Arizona, before starting working for the
3 federal government for its use of our highways, and now the
4 Secretary of Transportation, and if you believe that if we
5 just change the processes within the U.S. Department of
6 Transportation that money would flow more freely and without
7 strain to the many cities, that is not the case. I will tell
8 you that most every requirement that is put on those dollars
9 -- those federal dollars by Congress is because they want it
10 factored from the front end. That's not to say we can't
11 improve processes within the federal government, we certainly
12 can do that. But people in U.S. DOT do not lay awake at
13 night thinking of new ways to make you jump through hoops to
14 get your money. I guess that's kind of been lost. And I
15 think this is -- as a statement, if you believe that you can
16 continue to have a strong federal presence and not have those
17 requirements with the money that comes to that, that is not
18 the case. I promise you that is not the case. So if you say
19 you want more flexibility, more money, you might want to
20 think about keeping that money in the first place instead of
21 sending it to Washington and getting it back with numerous
22 strings attached to it. Thank you. Thank you all for your
23 testimony.

24 (The hearing stood in recess at approximately
25 11:37 a.m., and reconvened at approximately 1:05 p.m.).

1 SECRETARY PETERS: Good afternoon. We'll reconvene
2 the hearing now. And thank you all so much for being here.
3 This afternoon we're going to turn our attention to some of
4 the broader issues of concern to the commission. And our
5 first panel includes state and local officials who will offer
6 their recommendations for a new national transportation
7 policy for the 21st Century. As I did earlier, I will
8 introduce all of the panel members at this time and, then,
9 turn to each of the panel members for your five-minute
10 statement in the order that I introduce you. We will follow
11 that, then, by a round of questions from the commissioners,
12 each us also taking five minutes. So hopefully we'll have an
13 opportunity for a couple of rounds and a lot of good
14 discussion with you. We do appreciate the fact that you gave
15 us your testimony in advance in writing and we will have had
16 an opportunity to read that, which is very helpful. So
17 please know that we're getting more than just your five
18 minutes right at the onset.

19 Our first panelist is Lieutenant Governor Carol
20 Molnau. Carol has the distinction among the states'
21 lieutenant governors of also serving as the Commissioner of
22 the Department of Transportation.

23 Carol, I think you only wanted to have that
24 double duty, is that not accurate? Congratulations. I won't
25 ask you if you're getting a double salary.

1 Prior to her election in 2002 and, then,
2 subsequent reelection with Governor Pawlenty in 2006,
3 Lieutenant Molnau served for nine years in the Minnesota
4 House of Representatives and chaired the Transportation
5 Finance Committee during her tenure there.

6 Our next panelist is Francis --

7 And thank you, Carol, so much for being here.

8 Our next panelist is Francis Ziegler.

9 MR. ZIEGLER: Ziegler.

10 SECRETARY PETERS: Thank you. Ziegler. I want
11 to make sure I say that right. Is the director of the North
12 Dakota Department of Transportation. Before Governor John
13 Hogan appointed him as the department's head, Frank worked
14 for 36 years as an engineer and supervisor within the North
15 Dakota DOT. Frank, that's an enviable public service record.
16 Thank you so much for being here, and thanks for your service
17 as well.

18 Our next panelist is Judith Payne. Judy is the
19 Secretary of the South Dakota Department of Transportation.
20 And before she was appointed to this position in 2005,
21 Secretary Payne served as the risk manager for the state of
22 South Dakota, and as Deputy Secretary, and Secretary for the
23 Department of Revenue, another long-term public service
24 career. Judy, welcome, and thank you for being here also.

25 Peter Bell is our next panelist. Peter is

1 chair of the Metropolitan Council, the regional planning
2 organization for the Twin Cities' area. He has also served
3 as executive vice-president for Hazelden, a drug-abuse
4 prevention organization, and executive vice-president for TCF
5 Bank. Peter, welcome. Thank you so much for being here. We
6 look forward to your insights also.

7 And the last of our panelists -- which I've
8 just misplaced here -- Peter McLaughlin. I apologize. Let
9 me get back to you in a moment so that I don't hold us up.
10 I'll introduce you before it's your turn to speak. I
11 apologize.

12 Carol, if you would start, please. And, again,
13 each panelist has five minutes and, then, we'll start the
14 round of questioning. Thank you.

15 LT. GOVERNOR MOLNAU: Thank you, Secretary
16 Peters, and distinguished Commissioners.

17 I'm Carol Molnau, Lieutenant Governor of the
18 state of Minnesota, and Commissioner of Minnesota's
19 Department of Transportation. And I want to welcome you to
20 Minnesota, and thank you for the opportunity to shape the
21 future of our nation and transportation system. The national
22 transportation system is at a critical, some would say,
23 crisis crossroads. Much of the interstate national highway
24 system requires major investment to ensure safety and
25 mobility. Growing traffic congestion is crippling our major

1 economic regions. The future solvency of the federal highway
2 trust fund is in doubt. State and federal fuel taxes cannot
3 keep pace with investment demands, nor does this old tax
4 system recognize the nation's move to alternative fuels. The
5 United States is on the verge of losing transportation as a
6 competitive advantage in a worldwide economy.

7 In my comments today, I will focus on the state
8 of Minnesota's belief that, number one, national
9 transportation policy needs to be refocused on a clear and
10 limited set of national transportation priorities; and two,
11 that future policy must support maximum investment
12 flexibility and decision-making at the state and local level.
13 In my submitted written testimony, I also expressed
14 Minnesota's support for a federal mileage-based user fee
15 taxation system, and for reforming the process of determining
16 federal investment in new-start transit projects and, also,
17 for limiting highway projects earmarks at the federal level.
18 Current national policies direct limited dollars to projects
19 and initiatives that have little or no impact on national
20 mobility, interstate commerce, national defense, emergency
21 preparedness, or the economy. Also, complex federal programs
22 that micromanage decision-making serve only to suppress local
23 efficiency and initiatives. In the next transportation
24 reauthorization bill, national transportation policy
25 initiatives should be limited to five priority areas.

- 1 1. Preserving the interstate and national
2 highway system infrastructure.
- 3 2. Improving highway safety and reducing
4 fatalities.
- 5 3. Reducing urban congestion.
- 6 4. Improving state and local connections to
7 the interstate and national highway system.
- 8 5. Removing freight bottlenecks and improving
9 freight mobility.

10 Within these five priority areas, policy and
11 investment decisions should be based on a results-driven
12 qualitative model. Performance-based quantitative goals
13 should be established over the short, mid, and long-term.
14 Estimated costs to achieve these goals should be identified,
15 along with specific revenue sources and the specifics of how
16 revenue will be distributed and managed should be clearly
17 determined. As a starting point in the application of this
18 model, we offer the following recommendations:

19 The interstate and national highway system
20 preservation program should focus on rebuilding and improving
21 these highway systems to improve mobility, safety, ride
22 quality, and long-term viability. All types of preservation
23 and maintenance work, as well as road and bridge research,
24 development and partnering should be eligible under this
25 program.

1 The safety and fatality reduction program
2 should support efforts to dramatically reduce highway
3 fatalities, injuries, and crashes across the nation.
4 Minnesota has demonstrated that productive partnerships,
5 improved roadways, and enhancing law enforcement can
6 significantly reduce the loss of life on our roadways. In
7 2006, fatalities on Minnesota roadways were the lowest since
8 World War II, 1945.

9 The urban congestion reduction program should
10 focus on reversing the crippling grip of growing congestion
11 that we have in our urban areas. Funding should be flexible,
12 and decisions should be local, in support of highway
13 expansion, transit, ITS, congestion pricing,
14 telecommunication, and other solutions. Again, Minnesota has
15 demonstrated success in these areas by reducing congestion in
16 the Twin Cities for three straight years.

17 The interstate and national highway system
18 connection programs should focus on goals, strategies, and
19 investments that improve mobility to and from the interstate
20 and the national highway system.

21 Funding for these four priorities should come
22 from the highway account of the federal highway trust fund.
23 The four programs should be administered without set-asides,
24 suballocations, or multiple conditions and requirements.
25 Combined program resources should guarantee each state a

1 minimum of 95 percent rate of return on the transportation
2 tax dollars sent to the federal treasury.

3 The fifth policy priority, removing freight
4 bottlenecks and improving freight mobility, should be
5 addressed in a separate title within the future
6 reauthorization bill. We strongly support testimony
7 presented to this commission on this issue by AASHTO and the
8 Mississippi Valley Freight Coalition.

9 If national policy is keenly focused on these
10 five priority areas, and federal funding is increased to
11 support each area's performance-based goals, the nation will
12 realize dramatic improvements in national mobility, safety,
13 and economic productivity.

14 I think that from these and other stakeholders'
15 recommendations, the commission will develop a bold and
16 compelling new vision of transportation in the United States.

17 And, I'm sorry, I tried to do that within time
18 and I think I made it.

19 SECRETARY PETERS: You did just fine,
20 Lieutenant Governor. Thank so you much.

21 Director Ziegler, you're next, please.

22 MR. ZIEGLER: Good afternoon, Madam Chair, and
23 Commission members. I'm Francis Ziegler, director for the
24 North Dakota Department of Transportation, and I appreciate
25 the opportunity to be before you today. North Dakota

1 considers it essential that a strong federal investment in
2 surface transportation in rural states, as well as
3 metropolitan areas, is and will remain vital to the national
4 interest. The nation needs a strong interconnected surface
5 transportation system to safely move people and commodities
6 and promote our nation's competitiveness in the world. These
7 views are shared by Idaho, Montana, South Dakota, and
8 Wyoming, as indicated in our attached statement from those
9 states combined.

10 Today, however, I want to build on the
11 comments and emphasize points that are of particular
12 importance to North Dakota. Rural America is an important
13 part of the nation's transportation system. The federal-aid
14 highway system is the backbone of our nation's transportation
15 system. That highway network connects North Dakota to the
16 region, the rest of the country, and to the world.
17 Transportation of raw materials and finished products is
18 vital to manufacturing, agriculture, and our nation's
19 economic growth. North Dakota ranks first in the nation in
20 the production of 12 agricultural commodities, and in the top
21 ten with five other commodities, including oil and coal. The
22 majority of these commodities are not consumed in North
23 Dakota but shipped out across the nation and throughout the
24 world. There's also major growth in the ethanol and
25 biodiesel fuel industries. This is becoming an ever

1 increasing element of the national effort to reduce our
2 dependence on foreign oil. An 800 million-gallon ethanol
3 plant requires approximately 45,000 truckloads a year to
4 deliver ag., products to the facility. Our road network must
5 support this industry as well. The state of North Dakota has
6 traditionally been very supportive of maintaining and
7 improving its transportation infrastructure by increasing gas
8 taxes and vehicle registration fees in the last four
9 legislative sessions.

10 Rural states face many challenges in
11 maintaining and improving the federal-aid highway system. We
12 have an extensive public road network that's needed to move
13 products of national importance, with small population base
14 to support that system. Construction inflation is the
15 greatest challenge we face in maintaining and providing our
16 transportation needs. From 2004 to 2006, we saw an increase
17 of 80 percent in the average cost per mile for asphalt
18 surfacing. Other inflation rates are included in our report
19 that we've handed to you. Because of the sharp increase in
20 construction costs, we've been forced to delay about a third
21 of our planned improvements for the '07 construction season.
22 The federal-aid highway program has been one of the most
23 successful federal-state partnerships. Every effort should
24 be made to build on the strengths while making adjustments in
25 the areas that could improve the overall program. We

1 encourage the commission to support suggestions to expedite
2 projects, delivery processes and reduce program overhead.
3 The percentage over all federal program funding that is
4 apportioned to the states should be increased and the
5 percentage of the program directed to federal off-the-top
6 programs should be reduced.

7 The highway program should continue to provide
8 funding for interstates, the NHS, other arterials, and major
9 collectors. We need a federal program that allows us to
10 invest in our entire state system. Public transportation
11 plays a vital role in the rural states. Many citizens are
12 dependent on rural transit services for basic transportation
13 needs and access to medical facilities.

14 There continues to be a lot of discussion about
15 the role of public-private partnerships and tolling as a
16 means of financing the nation's transportation needs. While
17 these options may meet the needs of some states, they're not
18 viable options in North Dakota, where traffic densities
19 simply don't support the concept. We share the concern
20 expressed by Chairman Oberstar that public-private
21 partnerships and tolling will not maintain or produce an
22 integrated, interconnected and strong national surface
23 transportation system.

24 Madam Chair and Commissioners, in conclusion,
25 we do believe that it's important to our national interest

1 that Congress increase the federal investment on highways and
2 surface transportation in rural states, as well as the
3 metropolitan areas. In a time when the transportation
4 industry is being negatively impacted by inflation, even
5 maintaining our current investment at the same level is a
6 step backwards that would make it even more difficult to
7 achieve an interconnected surface transportation system for
8 America. We respectfully request favorable consideration to
9 our comments and recommendations.

10 Thank you, Madam Chair, and Commissioners.

11 SECRETARY PETERS: Director, thank you so much
12 for your statement.

13 Secretary Payne.

14 MS. PAYNE: Thank you. Madam Chair, and
15 Commissioners, I'm Judy Payne, Secretary of Transportation
16 for the state of South Dakota. And on behalf of the state of
17 South Dakota, I want to thank you for the opportunity to
18 appear before you. And I'm going to get right to my key
19 points.

20 Transportation across the rural interior of the
21 nation would not be possible without major federal assistance
22 for roads and bridges. Turnback or de-emphasis of the
23 federal role would hurt the national transportation network
24 to the detriment of the metropolitan areas, as well as the
25 rural areas. We have to send it to Washington so it can be

1 shared with states with a high per capita level of effort for
2 transportation and low population densities.

3 South Dakota is very rural, low density, has a
4 large land area, and we have an average income below the
5 national average. We have approximately 19 people to support
6 every federal-aid road mile. South Dakota has a limited
7 ability to pay for national interest roads that cross our
8 state.

9 The United States is the Saudi Arabia of
10 agriculture and the heart of this oil field is the Midwest.
11 Each farm is basically a multimillion-dollar production unit.
12 Various types of grain and livestock are produced at each one
13 of these units. Most of the ag., production is exported
14 outside of the state. The output begins on trucks by
15 shipping on collector highways and is consolidated onto
16 principal arterials. The livestock end up at the sale barns
17 and it shipped by truck to feed lots. Ultimately, the chain
18 links to the packing plant and the grocery shelf. The grain
19 ends on the rails at our intermodal facilities, which are
20 elevators and unit train loading facilities. We support
21 investments to promote the competitiveness of the United
22 States agriculture and industry, particularly exports. This
23 is important because ag., production provides a major
24 positive contribution to the nation's balance of trade.

25 The nation needs NHS and other federal-aid

1 highways in rural areas to provide mobility for commodity
2 production and export and for accessibility to national parks
3 and monuments and national forest and grasslands. Last year,
4 South Dakota had approximately 3.7 million visitors to our
5 national parks and monuments. That's over four times our
6 total statewide population.

7 The rural west also needs the Public Lands
8 Highway Program and the Indian Reservation Roads Program
9 because those lands cannot be used or taxed by the state to
10 support the provision of transportation and other state
11 services. Rural public transportation is important to
12 provide mobility and access to the Native American
13 population, the growing elderly population, and citizens with
14 special needs. All need access to health care and critical
15 private and government services. Some of our reservation
16 counties are among the poorest in the nation.

17 Highways and, to a much lesser degree, transit
18 are our main modes of transportation. Air-service
19 connections from South Dakota are very limited and very
20 expensive. The lack of timely air service outside of Rapid
21 City and Sioux Falls, the total absence of passenger rail,
22 and the loss of rail branch lines makes us more dependent
23 upon highways than almost any other state.

24 The short-term funding problem with the highway
25 account of the Highway Trust Fund must be addressed, and

1 soon. It can be addressed without raising taxes. For
2 example, Congress should allow interest to be credited to the
3 Highway Trust Fund balances. Also, the cost of exemptions
4 from fuel tax should be shifted from the highway account to
5 the general fund. Tolling and public-private partnerships
6 alone will not provide the strong national transportation
7 system needed for rural mobility, interconnectivity, safety,
8 and future competitiveness. Traffic levels in our rural
9 areas are simply too low.

10 It is essential that the commission's
11 recommendation to Congress expressly supports strong federal
12 investment in highways and surface transportation in rural
13 states, as well as metropolitan areas. An integrated
14 national approach is required. A vulcanized or confederated
15 approach will not provide the strong national system needed
16 to meet the economic, security, and quality-of-life
17 challenges we face. That concludes my statement. Thank you.

18 SECRETARY PETERS: Secretary Payne, thank you
19 so much.

20 Mr. Bell.

21 MR. BELL: Secretary Peters and distinguished
22 Commissioners, I am Peter Bell, chair of the Metropolitan
23 Council, which has jurisdiction in the seven-county
24 metropolitan area. I, too, want to welcome you to the
25 Minneapolis-St. Paul area.

1 The Metropolitan Council is a unique regional
2 government created by the state legislature to function as
3 both the MPO and as the largest provider of transit services
4 in the seven-county Twin Cities area.

5 Metro Transit, which the Council owns and
6 operates, runs the 12-mile Hiawatha line between downtown
7 Minneapolis, the airport, and the Mall of America in
8 Bloomington. Hiawatha is the region's first light rail line,
9 and since it's opening in 2004 has shattered all ridership
10 projections and expectations. The average weekly ridership
11 last year was 28,000, and was a hundred and forty-eight
12 percent higher than pre-construction estimates.

13 The backbone of our transit system, however,
14 is, and will continue to be, the bus system. And we're
15 pleased to report that buses and train operations last year
16 achieved the highest annual transit ridership since 1984.

17 As a regional agency, the Council also operates
18 the wastewater collection and treatment system, plans
19 regional parks, and administers funds that provide affordable
20 housing opportunities. We're also the regional planning
21 agency for the seven-county area, with some authority over
22 land use.

23 A hundred and eighty-nine cities, counties, and
24 towns in the seven-county area are required to submit local
25 land-use plans that must conform to, and comply with,

1 regional plans and policies. It's a way to help the region
2 plan future infrastructure, promote efficient growth, and
3 ensure quality services.

4 Here are some of my you specific
5 recommendations:

6 For the past 30 years, federal transportation
7 policy has supported MPOs and the metropolitan regions. As
8 federal policy is retooled, this support must continue.

9 I urge you to continue support for regional planning by MPOs,
10 both financially and through federal policy. It is essential
11 that the DOT support funding for projects based on the
12 fiscally constrained plans developed by MPOs. On a related
13 point, I have some concerns when earmarks circumvent planned
14 priorities identified by local officials through the
15 federally mandated process.

16 With respect to transit, the New Starts project
17 is essential for improving transportation and mobility in
18 metropolitan regions. However, the New Starts program to
19 construct fixed guideway transit in urban areas must be fully
20 funded. Additional investment in transit is critical to
21 keeping metropolitan regions and the nation competitive in a
22 global, mobile economy. It is my understanding there are
23 seven dollars of requests for every one dollar that is
24 funded. The New Starts program must also be streamlined, and
25 we strongly support efforts that Secretary Peters and

1 Administrator Simpson has initiated toward that end. The
2 federal process to deliver a New Starts program simply takes
3 too long and adds unnecessary project delays.

4 When projects are delayed due to FTA
5 requirements and review, the inflationary impact on capital
6 costs can be significant, and the public does not receive the
7 benefits of improved transportation choices and mobility that
8 are needed now. In addition, I am concerned that the FTA
9 sometimes micromanages local transit projects, which
10 suppresses efficiency and innovation at the local level. I'm
11 certain there is a less intrusive way to protect the federal
12 taxpayer and provide quality projects. As a step in that
13 direction, the FTA recently proposed to eliminate
14 resubmission of New Starts' documentation when projects are
15 in the preliminary engineering and final design and not yet
16 seeking federal funding. This is appreciated and supported
17 by the Council.

18 Last year, the concept of a Project Development
19 Agreement between the FTA and project sponsors was proposed.
20 This agreement would lay out a rather specific road map for
21 deliverables, with expected time lines for both the project
22 sponsor and the FTA. We support this approach.

23 Our entry into light rail has taught us other
24 important lessons as well -- land use matters, design
25 matters. The Twin Cities may have been somewhat of a

1 late-comer to rail transit, but Minnesota has always been a
2 leader in transportation innovations. For 15 years, the
3 Council and Mn/DOT have partnered to operate an express bus
4 system that uses the freeway shoulders to bypass congestion,
5 carry tens of thousands of commuters from the suburbs to jobs
6 in downtown areas. Our customers have told us that the
7 transit advantages offered by operating on these shoulders is
8 a benefit they greatly value.

9 In summary, I urge you to support continued
10 funding for regional planning by MPOs, support funding for
11 projects based on the priorities identified and plans
12 developed by these MPOs, to streamline the New Stars program,
13 and encourage the federal government to focus on the big
14 picture and allow local units of government to have a larger
15 say in the management of their local projects.

16 Thank you very much.

17 SECRETARY PETERS: Mr. Bell, thank so you much.

18 And, Commissioner McLaughlin, I apologize. I
19 had your short bio right in front of me and neglected to
20 notice that. So I do very much apologize, and appreciate you
21 being here.

22 Commissioner McLaughlin has been a Hennepin
23 County Commissioner since 1990, and chairs the Metropolitan
24 Transitways Development Board. Prior to his election to the
25 Hennepin County Commission, he served as a Minnesota state

1 representative.

2 Commissioner, thank so much for being here.

3 We'd be pleased to hear your statement.

4 MR. McLAUGHLIN: Thanks very much, Madam Chair.

5 Welcome to my county commissioner district. I appreciate the

6 chance to make comments today on behalf of the Metro

7 Transitways Development Board.

8 You know, the United States has already been a

9 country on the move. Unfortunately, here in the Twin Cities

10 and around country, we are slowing down. This trend

11 undercuts economic growth, harms our residents and

12 communities, and contributes to the growing worldwide threat

13 of global warming.

14 As a nation, we've been bold in the past in our

15 vision for transportation and backed up that vision with

16 investment by all levels of government. Now is a moment to

17 be bold once again, to invest in our future through

18 innovative and integrated transportation infrastructure that

19 supports our residents, businesses, local communities, and

20 the Earth's environment now and throughout the 21st Century

21 The times demand no less.

22 The MTDB is a joint powers board comprised of

23 the regional railroad authorities of the seven Twin Cities'

24 metro-area counties. We have advocated for a fully

25 integrated, seamless, multimodal, and affordable

1 transportation network through roadway improvements, better
2 bus service, and new transitways -- busways, LRT, and
3 commuter rail lines.

4 We have played a pivotal role in the
5 development of an alternative vision for transit and
6 transportation in the Twin Cities, which has now fostered a
7 groundswell of demand for new busways, LRT, and commuter
8 rail, and, also, having the state to seek a stronger role in
9 high-speed rail. We played a very lonely role as advocates
10 for rail investment in the mid-90s. But the success of the
11 Hiawatha LRT corridor has silenced most of the skeptics and
12 created an army of supporters for new, high-quality transit
13 investments.

14 In light of the unique role of the MTDB, I will
15 limit my comments and suggestions today to policies affecting
16 transit.

17 Our first recommendation would be that
18 innovation and technology have a significant role to play,
19 clearly, but more federal funding for transportation
20 investment is essential. You can't do it without that.
21 Continued reliance on an increased gas tax, a user fee, is
22 still warranted. Other innovative schemes may hold the key
23 for our long-term future, but we believe that the gas tax is
24 still how the rubber should meet the financing road for the
25 near and median term.

1 Second, a higher portion of federal
2 transportation funds should be designated for public transit
3 by both increasing the transit percentage and allowing
4 highway dollars to be used for transit components that
5 enhance highway operations and effectiveness. Now is not the
6 time to retreat from the commitments to transit reflected in
7 ISTEA and SAFETEA-LU.

8 Number three, streamline the New Starts funding
9 process and make it simpler and quicker -- and you've heard
10 this from several of the witnesses. The years of experience
11 with various New Starts lines across the country should allow
12 delivery of federal funding more quickly, thus avoiding
13 costly delays. Specifically, we would ask the federal
14 government to, one, avoid changing the rules in mid-stream;
15 eliminate requirements that result in projects undergoing
16 risk-assessment workshops with changing guidelines every
17 several months; evaluate whether the FTA has sufficient staff
18 to fulfill the vision of Congress and the policies of
19 SAFETEA-LU and its successor; and, finally, we would ask you
20 not to manage a queue of projects by dragging out the
21 approval process. That's not in the public interest. Delay
22 is not our friend.

23 Number three, modify the cost effectiveness
24 index to reflect more than just travel-time savings for
25 transit passengers. We fully acknowledge the need for a

1 queuing mechanism to guide federal-funding decisions. It is
2 our firm belief, however, that the existing CEI can, and
3 does, often induce bad decisions that compromise the
4 long-term impact and effectiveness of New Starts projects.
5 We believe that in addition to cost and travel-time savings,
6 the CEI or its replacement should reflect indices such as
7 community impacts, pollution reduction, and energy savings,
8 and there needs to be some work by academics to help bring
9 about a new mechanism for us all.

10 Number five, encourage integration of land use
11 on a broad scale and local planning for development along
12 transit lines. It's always been about more than just
13 transportation, and our national transportation policies and
14 procedures should reflect that reality.

15 Number six, foster collaborative partnerships
16 among units of government, and between government and the
17 private sector. Less restrictive processes would encourage
18 private entities to participate in partnerships with
19 governmental units, resulting in time and cost savings.
20 Beyond that, continuation of the central role of local-
21 elected officials is a critical component of this effort as
22 well.

23 Number seven, develop new policies to assist
24 local communities in dealing with the railroads. We must
25 find a way to allow passenger and freight rail to coexist and

1 prosper together. While I don't have a list of specific
2 policy changes to offer at this time, we do believe that the
3 balance needs to be changed and we ask for your help in this.
4 Without it, I fear that we will not achieve an optimal level
5 of investment in commuter rail. We've got to find a way to
6 make this more fully reflect the public interest.

7 Number eight, reinforce and enhance the
8 national commitment to multimodalism by strengthening the
9 commitment to enhancements, re-elevating multimodalism within
10 DOT, and expanding support for bike path and other
11 enhancement investments.

12 And number nine is a little off target, but we
13 would ask that the Department take a lead role in advocating
14 for equal employee transportation fringe benefits across
15 modes, particularly as it's reflected in the IRS Code. These
16 incentives play a powerful role -- we use them in Hennepin
17 County, and elsewhere -- and this is a place to make a real
18 change in how people get around.

19 Number ten, get serious about high-speed rail
20 and inner city rail. In particular, we are strong advocates
21 and supportive of the Midwest high-speed rail initiative
22 here.

23 In closing, Madam Chair, and members, the MTDB
24 believes it is essential for the federal government to
25 enhance its investment in transit if we are to hope to

1 address the needs of our aging population, spiraling
2 greenhouse gas emissions, reliance on foreign oil and all
3 this weakness entails, and the health and community benefits
4 of more people walking and biking for a bigger share of our
5 daily business. Beyond that, it's what's going to keep our
6 economy growing. We thank you. I'm looking forward to the
7 dialogue with you and the other -- my colleagues.

8 Thank you, Madam Chair.

9 SECRETARY PETERS: I thank you so much for your
10 testimony. We'll now go to rounds of questions by the
11 commissioners. I will start the round this time, followed by
12 Commissioner Geddes, and, then, by Commissioner Quinn.

13 If I might start with the Lieutenant Governor.
14 You have made some very succinct recommendations in terms of
15 what the federal role would be. And I appreciate that.
16 That's something this commission is looking at.

17 I wanted to ask you if Minnesota would be
18 willing, for example, if the federal role were pulled back to
19 those things that are absolutely essential along the lines of
20 perhaps what you suggested, would you see the opportunity for
21 some portion perhaps of the 18.4 cents federal gas tax that
22 is now collected by Minnesota to be retained by Minnesota for
23 those uses as opposed to sending that entire amount to the
24 federal government?

25 LIEUTENANT GOVERNOR MOLNAU: Thank you, Madam

1 Secretary, for that question. Yes, actually I think that
2 would be a good idea for us. I think we do need to focus on
3 taking care of the infrastructure. But those other things
4 that we talk about -- and I hope I'm getting the gist of your
5 question -- that need to be done, whether it's trails, other
6 things, could be done locally, and should be done locally. I
7 don't think they have that same national impact that our
8 highway system has from a nationwide perspective.

9 SECRETARY PETERS: And maybe if I could expand
10 a little bit, Lieutenant Governor. One of the areas that you
11 mentioned was important was preserving the interstate and the
12 national highway infrastructure. If there were standards
13 established by which Minnesota, for example, would need to
14 retain that infrastructure, would you be willing, as I said
15 earlier, to maybe not remit the entire 18.4 cents but some
16 portion of it for those things that need to be done on a
17 federal basis and, then, adhere to those standards on a state
18 basis?

19 LIEUTENANT GOVERNOR MOLNAU: Absolutely. I
20 think that would be essential. I really think that would be
21 important. If we were able to have a little more
22 flexibility, could use a little more innovation on delivering
23 that part of preservation and maintenance, I think it would
24 make a huge difference. Any time our dollars roll through
25 and all the pieces come back with it, it does restrict us as

1 to what we can accomplish. And I think we focus a whole lot
2 better if that were able to be done, first of all, statewide.

3 I also respect the comments made by North
4 Dakota, South Dakota, and the Upper Midwest states in
5 general, when they talk about population and needs beyond
6 what their population can support. And I do believe that a
7 full system, national highway system, is only as good as its
8 weakest link. And, therefore, having a wonderful opportunity
9 in Minnesota, and system here, is not a true benefit unless
10 it connects the entire nation. And I think there has to be
11 provisions for those states with low populations, just as we
12 did when we initiated the highway system probably 50 years
13 ago -- 51 years ago, now, and said "We need to do this, and
14 it needs to work across the nation, and connect."

15 SECRETARY PETERS: Thank you so much.

16 If I could now move to Director Ziegler and
17 Secretary Payne -- and this gets to, perhaps, a little bit of
18 what the Lieutenant Governor was talking about. But a
19 question I had -- you submitted a joint paper to us that five
20 states, including your two states, have agreed upon. And I
21 understand where you're coming from when you say that the per
22 capita income and the population in your states and in this
23 five-state area is somewhat lower than it is in other states.
24 But I wasn't real clear on how the per capita contribution to
25 the Highway Trust Fund or to federal spending was calculated.

1 Would either of you be able to explain to me how that was
2 calculated or the impact of that?

3 MR. ZIEGLER: Madam Chair, it's my
4 understanding that the calculation was done based on average
5 miles traveled and, then, on the 18.4 cents per gallon that
6 is paid for each gallon of gasoline used.

7 SECRETARY PETERS: Thank you. Earmarking's
8 been talked about. I'm hearing some opposition to earmarking
9 but, yet, it also benefits some states. Would you all be
10 willing -- the three of you who are commissioners -- be
11 willing to comment on whether or not if -- you know, if it
12 were a perfect world and you could have earmarking or not
13 have earmarking, where would you go, and why?

14 LIEUTENANT GOVERNOR MOLNAU: I'll be happy to
15 start. I would prefer no earmarking. I think the priorities
16 set by the state and the local partners is very, very
17 important, unless you're only building a project, then it
18 doesn't really matter. But, in Minnesota, and I think from a
19 nationwide perspective, we're building a system, and a system
20 means you have to set priorities that make that system
21 function efficiently and effectively as it relates to safety
22 and capacity, and all those other good reasons for having an
23 infrastructure. So I really would prefer no earmarks and
24 allowing the states, then, to use their priorities that
25 they've developed through local participation and be able to

1 develop an explicit system rather than having to react to
2 receive those federal dollars to something that perhaps is
3 not a priority at this time, not locally, and certainly not
4 from a statewide system perspective.

5 SECRETARY PETERS: Thank you.

6 Secretary Payne.

7 MS. PAYNE: I can do no more than to echo
8 Lieutenant Governor Molnau's comments, we would prefer there
9 were no earmarks. And I guess I would add there are a few
10 advantages once in a while to being a low populated state.
11 We have three in our congressional delegation, and we are
12 very fortunate to have a wonderful working relationship with
13 our congressional delegation. I don't believe that's true
14 across the nation. And I truly believe it's in the nation's
15 interest to do away with the earmarks.

16 SECRETARY PETERS: Thank you.

17 And Director Ziegler.

18 MR. ZIEGLER: Thank you, Madam Chair. I agree
19 with my colleagues that I would prefer not to have earmarking
20 from the perspective that it fundamentally takes away from
21 the program, it takes away from the local planning. We're
22 strong believers in planning our infrastructure system.
23 We've put into a place a highway performance classification
24 system, and we look to the federal aid to help us with
25 facilitating the reconstruction and rehabilitation and

1 maintenance of that -- preservation, I should say, of that
2 system. And, so, as earmarks are used, it takes away from
3 the system and the planning process that we've done.

4 SECRETARY PETERS: Thank you so much. I do
5 have questions for you Mr. Bell, and Commissioner McLaughlin,
6 but I'll come back to you, hopefully, in the next round.
7 We'll move now to Commissioner Geddes, followed by
8 Commissioner Quinn. Thank you.

9 COMMISSIONER GEDDES: Thanks, Madam Secretary.
10 Much appreciated.

11 Madam Lieutenant Governor, I'd like to pick on
12 you again, if you don't mind. But I found your testimony
13 very interesting. And I was just wondering if you would be
14 able to expand, briefly, on the fourth goal that you
15 articulated early on in the testimony, which is improving
16 state and local connections to the interstate and national
17 highway system. And you have a specific recommendation here
18 about that. But I was wondering if you could speak a little
19 bit about the indications that you have that that is a
20 problem, that the local connectivity to the interstate system
21 is an issue, and why that's a problem that we need to
22 confront. We've heard this from other sources who have
23 spoken to the commission, but I don't yet know that I have a
24 firm handle on the nature of those problems. So could you
25 address that briefly?

1 LIEUTENANT GOVERNOR MOLNAU: I thank you for
2 that question. You know, I think when you talk about the
3 economics of a state, the interstate system is what connects
4 the nation. But what connects a state and the movement of
5 commerce, and all of that, is the connecting roads, the
6 interregional corridors, those pieces that really connect the
7 whole system together. Whether it's Minnesota or it's North
8 Dakota, we all have resource that we are adding to the
9 economy each day and we need to get them to those ports or to
10 those areas of delivery. Without a good system within that
11 system or a state system complement, it doesn't work. So we
12 need to make sure that system exists. We also know that, in
13 the next few years, the amount of goods and merchandise and
14 freight that will be moved across our road systems is going
15 to increase immensely. So we need to have that ten-ton
16 system. We need to have that across so we can connect. The
17 interstate certainly has that capacity, but we need to have
18 that as well. To do that, however, takes a major investment.
19 And, so, we have been focusing in this state to make those
20 interregional corridors a priority to make sure that we have
21 that connection. But that's what we need to do. I think
22 from a federal perspective is make sure that we are
23 connecting our sources with the economic base that they
24 deliver to.

25 COMMISSIONER GEDDES: Thanks very much.

1 Appreciate that. And thank you again to all the people on
2 this panel for your input. It's quite valuable. I looked
3 over a number of the comments and I noticed that it's come
4 through quite clearly that you don't believe that tolls are
5 the answer in your states, and public-private partnerships
6 may not be and answer either. One of the things that this
7 commission is charged to address is a big-picture vision for
8 the future, and a paradigm shifting approach to the way that
9 we think about and finance surface transportation in this
10 country. And I'm just wondering if any of the members of the
11 panel would like to offer the way you would suggest this
12 commission would proceed with that vision and approach.
13 I mean I understand sort of what you're against here, that's
14 clear. But what would you be in favor of? The system is
15 almost in crisis. I mean we need a different policy
16 approach, and I'm wondering if you would have any suggestions
17 about what that approach should be.

18 MR. BELL: Commissioner Geddes, one thing that
19 I would suggest -- one of the things that we did at the Met
20 Council is set a far-reaching aspirational goal, and it was,
21 at the Met Council, to double transit ridership or to grow it
22 50 percent by 2020, and a hundred percent by 2030. I would
23 suggest that the federal government, in the area of transit,
24 set a similar aspirational goal -- how many commuters would
25 they like to see using some form of mass transit at a certain

1 year. I think that's something that the public can
2 understand and either accept or reject. But those type of
3 major far-reaching aspirational goals I think are important
4 in galvanizing public support.

5 MR. McLAUGHLIN: Members, I want to be clear
6 about my comments. They weren't anti-toll. I just didn't --
7 I want to be clear that that's not the total answer to this.
8 Far from it. And that, frankly, there is a need -- the
9 system is starving for resources, and I have advocated for
10 additional resources to be made available. Beyond that, we
11 have advocated for more flexibility in the use of funds so
12 that transit can be used as a substitute for additional
13 highway miles.

14 In addition to that, trying to change some of
15 the bureaucratic processes associated with transit investment
16 I think is critically important as a way to get more product
17 out on the street, helping people faster. That's going to
18 save money as well. And I think you heard that from several
19 of the witnesses here.

20 Finally, I think what we've seen here in this
21 region -- and there were a lot of skeptics about investment
22 in rail transit -- but this is about -- and Mr. Bell spoke
23 about this -- this is about land use, it's about how people
24 choose to live their lives. And if you start investing in
25 alternative ways that people can move and live their lives,

1 you can actually lower the water instead of just trying to
2 raise the bridge to solve a flooding problem. I think that's
3 the kind of comprehensive approach that we need and we need
4 to be encouraging that at the federal level, the federal
5 policies that are going to encourage metropolitan planning
6 agencies, local units of government to actually make their
7 land use and make their transit investments and
8 transportation investments work together to try to reduce the
9 demand and provide alternative ways of keeping us mobile.

10 MR. BELL: I want to amplify on that. I'm a
11 big supporter of congestion pricing. I think it has a major
12 role to play to bring new resources in. Roadways are a
13 scarce commodity, and one of the ways to allocate that scarce
14 commodity is through pricing. So I think some forms of
15 congestion pricing makes sense.

16 I would also like to see the federal
17 government, particularly in the area of transit, do more
18 research and innovation. The U.S. DOT now has an urban
19 partnership grant program that they are unveiling, I could
20 not be more supportive of that, to really look at innovation
21 that's going around the country and see if that can be
22 replicated. I think those type of demonstration efforts make
23 a great deal of sense and I'm a strong supporter of those
24 efforts.

25 COMMISSIONER GEDDES: Mr. Bell, if I could take

1 that to the next level. To what degree do you think
2 congestion pricing would help achieve your goal of getting
3 more ridership on transit?

4 MR. BELL: Well, how we use it here is that the
5 lanes that we have dedicated that are going to be priced can
6 also be used for transitways. But I think it's a false
7 dichotomy to pit transit against --

8 COMMISSIONER GEDDES: No, I'm not pitting them.
9 I'm just saying there's substitutes.

10 MR. BELL: Well, I think to the extent to which
11 those lanes can be high-occupancy lanes, also toll lanes and,
12 also, used for express bus service, it would advance the
13 transit agenda.

14 COMMISSIONER GEDDES: Thanks very much for all
15 those comments.

16 SECRETARY PETERS: We'll go to Commissioner
17 Quinn now, followed by Commissioner Odland.

18 COMMISSIONER QUINN: Thank you very much. I
19 guess there must be something, Lieutenant Governor, about
20 sitting in the first chair, but... You mentioned the move to
21 -- and Minnesota, perhaps, looking at a mileage-based system.
22 And I guess I would also ask your colleagues from North
23 Dakota and South Dakota what their thoughts on that might be.
24 But, in particular, I would assume that you would view this
25 as a replacement for the fuel tax, both at the state level

1 and the federal level? Is that your thought process on that?

2 LIEUTENANT GOVERNOR MOLNAU: Thank you,
3 Commissioner Quinn. I think we've all come to realize the
4 gas tax is not the user fee it used to be, and it certainly
5 can't handle the pressure of the construction program like it
6 used to. It just can't. And we've done some good things.
7 The alternative fuels, the hybrid cars, all of those things
8 are good things, but what they do is they negatively impact
9 our ability to get the resources we need to maintain our
10 infrastructure. So we need to look at another model, a model
11 that really depicts the using of that system. And I think
12 using a mileage base would probably do that. So, yes, if
13 you're asking would I prefer we move to that model, I would
14 say yes, because it truly does reflect the usage of the
15 infrastructure.

16 We in Minnesota -- I should say, Governor
17 Pawlenty and I have proposed to the legislature the ability
18 to do a pilot program here that measures the time of day, the
19 type of car, where you're going, how many miles, and a lot of
20 different technologies, a lot of different information -- a
21 bit bigger than the Washington and Oregon models -- about a
22 five million-dollar investment -- but something that could be
23 -- we can find the good, the bad, and the best, maybe, of
24 that system so that it could be used on a federal level. I
25 really do believe we need to look at another funding source

1 besides the gas tax.

2 COMMISSIONER QUINN: In the interim, though,
3 while that's being prepared, do you see any alternative other
4 than fuel taxes while a program like that is being
5 implemented?

6 LIEUTENANT GOVERNOR MOLNAU: I think it's a
7 combination. The fuel tax -- if we really prioritized the
8 resources we had to the infrastructure itself, I think we
9 would find that our resources would go a bit further. That
10 would be eliminating some of the earmarks and things that
11 really -- at the federal level that don't meet that federal
12 measure, but, then, measuring the results of those would be
13 important as well. I really do think we need to probably
14 maintain the system we have until we have a better one in
15 place, but we need to aggressively be seeking alternatives.
16 Because as alternative fuels become more and more useable
17 and, then, negatively, in a sense, impacts our resources,
18 we need to look for something else. And I don't think we can
19 wait. I think we need to be aggressive on finding what that
20 is.

21 MR. ZIEGLER: Madam Chair, Commissioner Quinn,
22 North Dakota is very anxiously watching Oregon, and now, as I
23 find out today, we're going to be anxiously watching the
24 state of Minnesota and how it works for them. But, at the
25 same time, I come before this commission to say that we're

1 certainly always open to alternatives. And it's correct that
2 the gas tax may not be the funding source of the future and,
3 so -- we all fear a change. We all fear a change. But we
4 need to start talking and looking at change, talking about
5 change so that ten, 15 years from now if that becomes our
6 standard mode -- and, so, I certainly support looking at it
7 and continuing researching that process.

8 MS. PAYNE: Commissioner Quinn, one nice thing
9 about going third after these two is again I can say ditto,
10 to some extent. We, too, have just recently started looking
11 at studying what Oregon's doing and seeing if it would be a
12 viable option in South Dakota.

13 But the one thing that I want to make sure you
14 all remember, we are a donee state, by a long shot. Because
15 of our population, because of our income, because of the size
16 of our state, so many of the options that have been talked
17 about simply will not work in South Dakota. Bonding has been
18 talked about, our Constitution prohibits it -- it's been
19 battled to the supreme court in South Dakota -- and I don't
20 think that that's going to change in the near future. We've
21 talked about why tolling won't work in South Dakota. In
22 terms of some solutions, we did mention a couple in the
23 five-state reporter. In my written statement, we talked
24 about, in a short term, getting interest added to the Federal
25 Highway Trust Fund, and I believe we also talked about maybe

1 looking at some other avenues for gaining revenue -- and that
2 would be maybe some customs fees or supports, some of those
3 types of things. Again, in South Dakota, we have such
4 limited options and such a gigantic need out there on our
5 highway system. I mean we currently have a 600
6 million-dollar backlog and it's growing every day.

7 We visited briefly about ethanol plants. We
8 have 14 in South Dakota operating now. We have more that are
9 going to operate that are coming into production. The only
10 example I can give you specifically, my little hometown of
11 Madison, South Dakota -- it's about 50 miles across the
12 border from Minnesota -- has an ethanol plant and a grain
13 elevator -- about 5,000, to 6,000 population. And on a daily
14 basis, between the grain elevator and the ethanol plant, they
15 have a hundred and sixty-five semis going in and out --
16 taking corn in, taking product out, that type of thing.
17 They're on a two-lane highway right connecting to I-29. And
18 they're crying to go four-lane to I-29 because of that
19 traffic. We have a lot of needs that need to be met to be
20 beneficial to the entire nation and we have very few
21 oppositions available to us, outside of gas taxes, to fill
22 those needs in South Dakota.

23 COMMISSIONER QUINN: Thank you.

24 SECRETARY PETERS: Thank you, Commissioner
25 Quinn. We'll now go to Commissioner Odland, followed by

1 Commissioner Cino.

2 COMMISSIONER ODLAND: I almost don't know what
3 to ask. Everybody says they need money. So we need dough.
4 Okay. We got that. But you don't like the feds involved.
5 You want more flexibility. You don't like tolls, you don't
6 like PPPs, you don't like earmarks. You want to make all the
7 decisions locally. Some of you want the gas tax, some of you
8 don't want the gas tax. Some of you like congestion pricing,
9 others don't, because there's no congestion to price. I
10 think I come back to build on a couple of questions, which
11 are, so what's the solution? You know, what is the big,
12 grand plan that we're supposed to put in front of Congress?
13 Because we can't take all of that and package it and come up
14 with anything. You know, at the end of the day, you can't
15 have it both ways; right? I mean you can't have everything
16 come from the feds and, then, control it locally, and so
17 forth. So I'm unclear what you're advocating, and I'm
18 unclear what you would like us to advocate on your behalf.

19 If you could just go down the line and state
20 what is the big change that we should make to our system?

21 LIEUTENANT GOVERNOR MOLNAU: Thank you. I
22 appreciate the question. What you're asking us is what's the
23 solution to the problem we all face. I don't think there is
24 one solid solution. While there are folks that say tolling
25 doesn't work, even in Minnesota, which never tolled before,

1 we were able to take 394, which had an HOV lane on, and we
2 were able to sell the under-utilized capacity. We measured
3 that as 7,000 transponders going out being a success. We're
4 well over ten, 12,000. And it is a huge success. We didn't
5 take anything away from folks that they originally had. We
6 still have the other lanes, and they can choose, for a price,
7 to use that lane if there's only one person in a car.

8 Now, the same is true -- I think if we're going
9 to add capacity here in Minnesota, it probably will be on
10 adding additional capacity, and giving people a choice. It
11 won't be the Chicago style -- you don't have a choice, you're
12 in the queue. It won't be that. But that's okay, that will
13 work for us in some areas of the state. We probably have
14 someplaces it could work. Even having private-public
15 partnerships could work. I don't think it's going to -- from
16 our perspective -- from my perspective, it's not going to be
17 one size fits all or one solution is the answer. But part of
18 it does have to do with how we prioritize what we already
19 have in place. When Minnesota was looking at what we can do
20 that will have the highest impacts, we said we have to do
21 three things -- improve safety, number one. So we looked at
22 where our biggest issues were, incidents occurred, and we
23 started to address them. We also decided we could partner
24 with other units of government to get that accomplished. And
25 we did accomplish that. We did some things that people said

1 would be very unusual. We actually raised the speed limit on
2 some roads to get it lowered. We had roads that were posted
3 at 55 that were designed for 60, people were going 65. We
4 said we're going to raise them back to 60, but we're going to
5 enforce it. And we actually lowered the speed limits on
6 those by raising the speed. And we actually cut fatalities
7 because of that unified effort. So it's going to be a
8 partnership and we're going to have to work together.

9 But I would like to say, when you said we don't
10 want federal government involved, even though you give us the
11 money, I think, actually -- we actually send that money to
12 you first and, so -- no, I'm being a little bit facetious.

13 COMMISSIONER ODLAND: You didn't send me any
14 money, just for the record here.

15 LIEUTENANT GOVERNOR MOLNAU: No. No. But I
16 think what the real --

17 COMMISSIONER ODLAND: I'm just a private
18 citizen here.

19 LIEUTENANT GOVERNOR MOLNAU: And I love you for
20 that. But we really think that less restriction -- we want
21 accountability but less restriction, less real direction of
22 how those dollars should be utilized when a state themselves
23 -- whether it's North Dakota, knowing how they need to apply
24 those dollars on that road system that moves their commodity,
25 or it's Minnesota connecting to our metro area for the

1 delivery -- whatever it is, we should have more of that
2 decision rather than having it be -- have the restrictions.
3 And whether it's new-start transit, just getting through the
4 process and holding up a project that then adds cost to that
5 project down the line, that makes a difference to us. We're
6 not asking for less accountability, we're just asking for
7 some flexibility and innovation.

8 COMMISSIONER ODLAND: No. But, you know, in
9 Minnesota's case, if you have the ability to do hot lanes,
10 and you have the ability -- and so forth, and you don't want
11 to send it to Washington because it comes back with strings,
12 and it's eight years longer, why don't you just raise the
13 taxes here and pay for it yourself? Keep it all local. Do
14 what you want to do. Why get the federal government involved
15 at all?

16 LIEUTENANT GOVERNOR MOLNAU: Because you have
17 the federal tax. I mean you collect it. You collect --

18 COMMISSIONER ODLAND: But you could collect --
19 it's 18 cents. So, you know, why don't you put a state gas
20 tax on?

21 LIEUTENANT GOVERNOR MOLNAU: We have a state
22 gas tax --

23 COMMISSIONER ODLAND: Why don't you raise it?

24 LIEUTENANT GOVERNOR MOLNAU: -- of 20 cents.

25 MR. BELL: We'd pay it twice.

1 LIEUTENANT GOVERNOR MOLNAU: Yeah.

2 MR. BELL: We'd be paying it twice.

3 LIEUTENANT GOVERNOR MOLNAU: Yeah.

4 COMMISSIONER ODLAND: No. No.

5 MR. BELL: We'd be sending money to the feds

6 and we'd be increasing our tax.

7 COMMISSIONER ODLAND: You put your people
8 through federal income taxes and you have state income taxes.

9 MR. BELL: Yes. But if we sent money to the
10 federal government and, then, raised our taxes because we
11 didn't want the federal dollars, there would be a great
12 outcry from local citizens of why are we sending that money
13 to the feds and not trying to get any of it back here, and,
14 then, raising our taxes here.

15 COMMISSIONER ODLAND: Do both.

16 MR. McLAUGHLIN: Madam Chair, Mr. Odland, I
17 agree with you. You know, I've been advocating for
18 additional state revenues to be raised so that we can start
19 making these investments on a more timely basis. And you do
20 both. You don't give up attempting to get your share, our
21 share of the federal money, but you also aggressively pursue
22 a vision of investment here in this state. The fact is we're
23 not doing that and we need to do that. And I support that.
24 And I think if we do that, we can get projects built faster,
25 and we're going to respond to the needs of our citizens here

1 much better.

2 LIEUTENANT GOVERNOR MOLNAU: If I might just
3 add to that, the gas tax, you and I agree, when we started
4 driving, was a great way to measure usage and payment for our
5 highways. Technology has changed a lot of that, the
6 alternative fuels have changed a lot of that. It doesn't
7 change the wear and tear on the road. So you're going to
8 raise a tax that is becoming less and less responsive to the
9 actual use and I think that's probably where I have an issue
10 with it. I think we need to look at another source of
11 finding the actual -- if you're going call it a user fee, the
12 actual usership is responsible, then, for paying for it. The
13 gas tax used to be. Remember when we drove a Suburban and we
14 all got eight to 12 miles to the gallon. We were paying it.

15 COMMISSIONER ODLAND: Not that much. No, I
16 hear what you're saying. But at its core, the money has to
17 come out of the economy in order to build infrastructure; do
18 we agree with that? However you take it out of the economy.

19 So there are two questions, really, that I
20 have. I want to come back to my bigger question, which is
21 what do you want us to advocate? And, then, a bigger
22 solution. But, you know, if money has to come out of the
23 economy one way or another, rather than arguing about it, the
24 question is, you know, how do you want to prioritize locally,
25 and why don't you seek those sources, and why don't you want

1 more local control over this thing? You know, why continue
2 to ask for more from someplace else, why not just do it
3 yourselves? So that's the first question. And, then, the
4 bigger question is what do you want to us recommend to
5 Congress? Because we can't recommend one thing for Montana,
6 one thing for South Dakota, one thing for Minnesota. We have
7 to recommend something that holds together for the whole
8 system. But, please, if you could just do the first
9 question.

10 LIEUTENANT GOVERNOR MOLNAU: Okay. I think
11 what you're asking me is how we can fund what we need to have
12 funded, what we're asking for. We're saying we need more
13 dollars. But the reason there is a separation, those dollars
14 are collected at the federal level and, then, through a
15 formula, given to the states. Some states are donees, some
16 states are donors. But that was really done so that the
17 federal highway system had resources within the states who
18 become responsible for them to pay for them. And that was
19 really why there was a difference between state and federal
20 gas taxes, at least that's my impression. And, so, what we
21 need to do from a national perspective is if you really
22 believe the interstate system and the national highway system
23 are important to this country economically and defense-wise,
24 or for whatever reason, we need to focus on making sure that
25 we maintain that. All the other things that need to be done

1 can be done, but we need to -- they're not bad -- but we have
2 a limited resource. We need to focus that resource. I have
3 a problem -- we've had to do that in this state. I have a
4 problem. We have a lot of wants, we have a lot of needs. We
5 have to prioritize and I think we have to do it at the
6 federal level. And earmarks are just one example of how
7 we're not doing it, because those are not priorities from a
8 national perspective, certainly not. And, then, asking that
9 national fund to pay for it -- or -- the federal fund to pay
10 for it makes no sense. So that's what I mean about
11 prioritizing and focusing on what our real needs are. How we
12 fund it, we are going to have to look at a new system of
13 funding. The gas tax will never keep up. I can't see it
14 keeping up. And I think we are going to have to look at
15 something. That's why we're trying to move this forward in
16 our state, to see if we can find a system that works.
17 Because I can tell you, auto technology is there. There's so
18 much technology out there that would allow us do this in a
19 reasonable fashion that would be not very cumbersome at all.
20 And we can do it, it's just whether we have the will.

21 MR. BELL: I would answer your question very
22 briefly with a couple of quick points. First of all, I think
23 it's important to say across the country and across the
24 political spectrum, everybody thinks their transportation
25 system is broke. No one thinks that it is working well.

1 Second, I think everyone, but the most radical
2 Libertarians, think is a role for government to play -- some
3 role in transportation. Now, that's not true with all the
4 activities of government. Most people think government
5 should be involved in public safety, most people think
6 government should be involved in some form of transportation.

7 And third, I would say, largely, we know what
8 to do. This isn't inner city K-12 education, where we
9 really don't -- there isn't really, I think, an understanding
10 of what to do. I think in transportation we do. I think it
11 really is a resource problem and a resource issue. I would
12 suggest that -- I would go back to a point that I made
13 earlier and suggest that you consider, one is set some
14 important national goals. That's something I think the
15 government is very good at doing.

16 Congestion. Drive down the average time of
17 congestion in major metropolitan areas. We have a handle on
18 what that is. And I think the federal government could say,
19 by 2020, we want that average to be at such and such, and
20 2030 at something else. And set up some goals that really
21 can be a catalyst for discussion and debate.

22 I would argue you do the same for transit.
23 Right here we have 40 percent of the people that work in
24 downtown Minneapolis use transit. Twenty percent of the
25 people that work in downtown St. Paul use transit. Set some

1 very clear goals of transit ridership.

2 And a third would be some safety goals. I
3 think with those three, you could really have a vigorous
4 debate on what they should be and, then, how you would attain
5 them.

6 The final suggestion I would hope you would
7 make is that if I were to summarize the federal government's
8 funding model, is it based on process rather than outcome and
9 results. And I would just challenge the federal government
10 to focus more on outcome rather than process. I've been
11 Chair of the Metropolitan Council for five years, I work with
12 the FTA on our Northstar commuter rail line on the central
13 corridor, and other transit lines, which we have just
14 authorized to go into preliminary engineering for. And the
15 message I get in working with the FTA is, "Oh no, that's a
16 local decision," on the one hand, and second-guessing and
17 micromanaging virtually every decision that we make. And to
18 really think about what are the outcomes that we want, that
19 the feds want, to ensure -- I think they do have a
20 responsibility to protect the federal taxpayer, I think
21 that's a very real responsibility, and to ensure that we
22 conduct our business in accordance with the law. But to
23 really have a paradigm shift where there is more of a focus
24 on outcome and benchmarks than to fund the process. That
25 would be the final recommendation that I hope you would carry

1 back.

2 SECRETARY PETERS: We'll now have questions
3 from Commissioner Cino and, then, questions by Commissioner
4 Skancke, and, then, a second round as we have time.

5 COMMISSIONER CINO: Thank you very much. I'm
6 really not quite sure of what my question is, so I figure
7 what the heck. I think I probably am somewhere in the camp
8 of Commissioner Odland. I wrote down, "more resources,
9 flexibility, more transit money, more road money." I joke
10 with my fellow Commissioners and say that, "We're really not
11 writing a commission report, we really are rewriting the
12 Miracle Worker." But that being said, you can feel some of
13 our pain. We are very, very honored to have all of you here,
14 given your vast experience and expertise, it's helpful to
15 talk with folks from the states.

16 I guess -- and I think, Lieutenant Governor,
17 you touched a little on it -- and it's probably something
18 that I've probably lived most of my life doing -- and I throw
19 out to those who want to answer -- we have a system that is
20 not broken. It needs to be tweaked. We have a system that's
21 not a one size fits all. I think we have probably more
22 agreement than we have disagreement -- and I can go through
23 the list -- because this is our fourth hearing -- and I won't
24 tell you how many hours of reading goes into each one of
25 these hearings for us. But the question I have -- some of

1 you are elected; some of you are appointed; some of you are
2 appointed by elected. How do we get the general public to
3 come over to the side that we want them to? How do we
4 convince them of making the changes or the increases or the
5 innovative ideas that we want to throw out there are good,
6 and how do we move those agendas -- how do we move that
7 agenda forward? Because, in my mind, if the general public
8 -- and, obviously, that leading to the public officials who
9 have to get elected, who have to really set out there and
10 advocate positions that may be aren't very popular. So what
11 do we do with the general public, and how do we get them to
12 overcome this system isn't broken, we want to continue the
13 same way. But, as we know, we really can't, because of lack
14 of funds or people not wanting to pay more for one system
15 over another. Now I'm rambling. I need a cup of coffee. So
16 I'll stop that right there.

17 MR. ZIEGLER: First of all, we appreciate you
18 being here too. The fact that we're talking is the first
19 step -- that's the very first step, and that is the first
20 step in any process that we do. You asked the question
21 specifically about how do we get the traveling public or the
22 public convinced as to what we want to do or what we think
23 needs to be done. If you go into the planning process, and
24 if you go into how highway projects are developed, the first
25 thing we do is public input meetings. And that's what you're

1 doing here today. And we need to continue that dialogue with
2 public input meetings and public hearings. And as I said
3 before, change is painful, change comes hard. And it's going
4 to take a little time to do that. And, so, we need to keep
5 talking, we need to keep the dialogue open so that -- and I
6 agree with my colleagues -- and I think you mentioned it,
7 Commissioner Cino -- that it's not one size fits all. It
8 really isn't. We need to have a whole bag of tools that we
9 use to address the issues. We are in the enviable position
10 of being a donee state. We admit to that. But as I go back,
11 Prairie Public, in North Dakota, recently did a study on a
12 highway, Old Highway 10, that crossed our state before I-94
13 came along -- it's kind of a follow-up to the 50-year life of
14 the interstate -- and I had an opportunity to be interviewed
15 and to go back and look at Eisenhower's vision. What vision
16 did he have? He had the vision, and he saw the need, of
17 being sure that we could get across this country with a
18 national defense system that worked for us. For if we were
19 ever invaded, we weren't going to be able to move our
20 military assets because the road system wasn't going to
21 handle it. And, so, as you cross North Dakota and you think
22 about that vision that Eisenhower had, and having to move
23 assets across the country, things really haven't changed that
24 much as you look at history. Things haven't changed that
25 much. Instead of moving those military assets -- which we

1 still do -- our National Guard is very active at this time in
2 our country -- but, at the same time, we have informed you
3 that our land is really producing agricultural products that
4 the rest of the country needs and the rest of the world
5 needs. And, so, we need to make sure that there's a
6 connectivity, that there's a federal presence in that highway
7 system, to make sure that we can make the connection with the
8 agricultural products with the oils and with the coals that
9 we have to the rest of the country to utilize.

10 MS. PAYNE: Commissioner Cino, I think it's
11 definitely a matter of education. Whether it's the local,
12 state, or national level, we need to educate the public on
13 the benefit that the transportation system provides for them.
14 The need. What it's going to take to fix it, develop it to
15 meet those needs. And I think that that education is
16 probably long overdue.

17 MR. McLAUGHLIN: Madam Chair, Commissioner
18 Cino, I frankly think the public is ahead of the system in
19 many respects. They drive in this -- or -- don't drive, they
20 sit in the traffic. We went through an experience here where
21 the public was ready for a rail transit investment, but we
22 didn't get the system to make the investment. Finally we
23 made it and all of a sudden the customers -- as Mr. Bell
24 documented, the customers said, we will ride on high-quality,
25 reliable, affordable transit. We need to make sure that the

1 system doesn't disappoint the public and that we can move
2 these projects along. Part of the problem is these things
3 get bogged down. We need to move the processes along.
4 Again, the local role here is to be out there doing that
5 communicating. Because if you invest 900 million dollars in
6 a 12-mile corridor, there are little tornados that are set
7 off. Believe me, I know. But that's where your local
8 officials can be there to deal with those and try to make it
9 work so that it's not a big infrastructure project that gets
10 imposed on a neighborhood the way some of the old interstate
11 projects were. And, so, you need to have the ability for the
12 locals to get out there and fine tune it, but we need the
13 systems to deliver in a timely fashion so that people aren't
14 disappointed, so they don't just sort of say, "Oh, there they
15 go again." But they want the investment. They're desperate
16 to get home to their kids and get out of this traffic. We
17 need to get a system that's more responsive and flexible,
18 moving forward.

19 SECRETARY PETERS: Thank you. We'll go now to
20 Commissioner Skancke, and, then, as time allows, we'll start
21 a second round. Thank you.

22 COMMISSIONER SKANCKE: Thank you, Madam
23 Secretary. I just want to state for the record that I did
24 not -- nor have I ever met Mr. Bell. I did not type his
25 testimony today.

1 You hit right at home with the New Starts
2 program with me and the project delivery. We heard a hearing
3 on the New Starts program a couple of weeks ago, that they
4 were extremely ecstatic with the fact that it takes 14 years
5 to deliver a project -- and that's on time. To me that's
6 unacceptable -- but we'll get to that point. I want to
7 follow up on my colleague Commissioner Odland's comments,
8 because I think what we're finding across the country is that
9 we don't have the answer to what the solutions are. We have
10 suggestions, but they -- and we've heard it today and we've
11 heard it across the country, gang, one size does not fit all.
12 And we've gotten that message very loudly and clear, which is
13 why these field hearings are so important. And we may have
14 to get to an urban policy, as well as a rural policy, because
15 our country is not the same in every area. The needs in San
16 Francisco are not the same needs as they are in Sioux Falls
17 South Dakota. So I think as the commission moves forward, we
18 may have to look at several different types of funding
19 policies that work for several different states. We are a
20 nation of 50 states. Our competition is not here. As Steve
21 has pointed out time and again in our closed sessions, our
22 competition is overseas. And we have to function more as a
23 system than we do as competitors. And, so, what I want to
24 ask you is that -- does that type of a solution, where this
25 commission would make recommendations that there maybe needs

1 to be a transportation policy system-wide that deals with
2 rural issues and deals with urban issues, that incentivizes
3 self-help states. And I happen to agree with the line of
4 questioning from the Secretary -- which, by the way, you have
5 a solutions-based Secretary of Transportation in the room,
6 first time in a long time. She gets this. She's had your
7 old jobs. In fact, built the system in Arizona without a lot
8 of federal assistance. So her questions are very, very
9 relevant to the situation here today. And, so, you know, if
10 earmarking isn't the solution, then should there be a policy
11 -- should this commission make a recommendation that there
12 should be a rural policy and an urban policy? Should we have
13 several layers of differently policies of which -- you know,
14 do we break the program up into transit and surface
15 transportation? I mean tell us how we need to do this. You
16 know, the Clay Commission had their recommendations and
17 Congress considered them and, you know, there were different
18 recommendations that came out of that. We need your help.
19 I'm going to let you just -- in a couple of minutes each --
20 don't think about 2010, think about 2060. I mean we may not
21 be driving cars in 2060.

22 LIEUTENANT GOVERNOR MOLNAU: Thank you. I do
23 think, when you talk about the urban versus rural, Minnesota
24 is a perfect example. Half our people are urban, half of
25 them are rural. We have a fairly big state. But we really

1 set standards and measures of what we hope to achieve for our
2 system, not just for a project or the urban area or rural
3 area. What we really wanted to do was we wanted to make sure
4 people, one, were safe, and we could get what we needed to
5 get in a reasonable fashion to and fro across the state. To
6 do that, we had to focus on certain things. And I don't
7 think it's as much a rural-urban issue as it is what are the
8 performance measures, what do we hope to accomplish. My
9 theory is everyone -- SAFETEA-LU's name says it, we need to
10 make sure things are safe, where are our priorities there,
11 what are we doing to enhance that -- urban, rural, it doesn't
12 matter, what are we doing to enhance that, and, then, measure
13 those. I really think if we have an urban project that adds
14 safety, capacity, or reduces congestion, however that's done,
15 that that, then, should be able to be measured. If we have a
16 rural project that increases safety -- we happen to know that
17 in Minnesota, at least, most of our fatalities, about
18 two-thirds of them, happen on rural two-lanes, not in the
19 urban sector, where most of the people are. So we started to
20 take some action on that. But you have to focus in on the
21 problem and, then, find out what the results are, measure
22 those. I think that's one of our problems, we're trying to
23 separate rather than do what we did when the interstate
24 system was built -- we focused on one mission, we got the
25 general public to understand the importance of that, and,

1 then, we sold it to them, and, then, we delivered it. We had
2 a plan for delivery for not just urban, rural, big states,
3 but the whole system. We sold the system. I think we're too
4 fragmented in what we're trying to do. I think that's one of
5 the things earmarks do is it splits us rather than focuses
6 us. We need to get back to looking at why we exist to begin
7 with. We exist to make sure that we have an infrastructure
8 that is safe, economically viable, and enhances this
9 country's economy. We've missed that, and because we're
10 missing that, I think we're moving out of being competitive.
11 We need to get that back. How we get in that back, I'm not
12 sure, but I know we need to do it. One of the ways I think
13 we can do it is by having a clear message and vision of what
14 we hope to accomplish. Whether we increase revenues,
15 whatever we do, or change that revenue source, we have to
16 have a complete focus on what people are going to receive,
17 the benefit they receive from it, and, then, the fairness of
18 delivering it for a whole system, not just a project or a
19 state. And if we can do that -- I think we can get
20 there. How we do that, I don't know, but I certainly would
21 be willing to help in any way I can.

22 MR. ZIEGLER: It may surprise you that we have
23 this very same issue within the state of North Dakota, we
24 have this very same issue of rural versus urban. The fact
25 that Fargo, North Dakota has approximately 80, 90,000 people,

1 they feel the urban element, and as they get to western North
2 Dakota, where they see the agriculture -- not that there
3 isn't in the Red River Valley, where Fargo is -- but as they
4 see more of the agriculture and the oil, and, then, they
5 think, umm, this is the rural part of the state. And, so,
6 what we try real hard to do is to make sure that we don't
7 separate the two, because we are one state. Because we are
8 one state. And I believe that we are one nation and we need
9 to stay that way. So I would not suggest that we separate
10 the urban and the rural. We need to coexist, we need to make
11 sure that we address the issues in both areas. And there are
12 issues. You know, as I listened to my colleagues, and we
13 have some perfect examples beside me, where we have -- here
14 in Minnesota you have both elements. And you heard how they
15 are addressing the issue, and we're doing the same thing but
16 on a much smaller scale. On a much smaller scale we go
17 through the same issues. And, so, as you look for
18 suggestions and ideas -- maybe you're not going to pick them
19 up today. But I would say to you that we're not broken. We
20 are not broken. So I hope the idea isn't to go back to
21 Congress and say, "Everything is broken. We need to reinvent
22 the whole process." We definitely need to tweak the process,
23 we need to make sure that the visions of America are followed
24 and that we put those visions forward to the public and make
25 sure that everybody understands what we're trying to do as a

1 nation on our roadway system, and, then, move forward with
2 the planning process that helps fix or tweak the program that
3 we do have.

4 SECRETARY PETERS: I'm going to come back in
5 for the start of the second round. I know we've only got
6 about five minutes. I'd like to go to Mr. Bell and
7 Commissioner McLaughlin a little bit about transit and
8 particularly the cost effectiveness index that you talked
9 about. I've been told of a situation where in order to get
10 the right cost effective index that a transit proposer
11 actually took out a station, a stop, because that way it made
12 it look better when the numbers came out -- which makes
13 absolutely no sense at all in terms of trying to get
14 ridership. And I really applaud what both of you said about
15 incorporating local-government decisions and land-use
16 planning, things like that, into the process. How would you
17 recommend we change the process? And I won't go into giving
18 you back the process, or anything, but how would you -- if
19 the process stays within FTA, as it is today, what are some
20 things specifically that you would suggest we do? Either of
21 you.

22 MR. BELL: Well, personally, I am more critical
23 of the New Starts projects at large and the cost
24 effectiveness index. I think the federal government needs a
25 queuing mechanism. You do have, as I understand it, about

1 seven dollars of requests for every one dollar that you
2 provide. I do agree with Commissioner McLaughlin, however,
3 that the cost effectiveness index as it is currently
4 constituted is too narrow and doesn't include some of the
5 other externalities that I think we now have the ability to
6 quantify, and I think that to be able to include those in
7 there I think would be useful. The concern that I keep
8 hearing about the cost effectiveness index is it's the tail
9 wagging the dog, that it is so important to hit that number
10 that it really does drive the project in some ways that
11 sometimes are unfortunate. And I think the final thing that
12 there's questions about, even though the technology for that
13 is improving, how accurate is it, really, how predictive is
14 it. My understanding is the vast majority of transit
15 projects, once they're up and operating, exceed what their
16 initial projections were, which calls into question a bit the
17 mechanisms that were used to project ridership, and the like.
18 But it doesn't take into account what happens to land values,
19 and it doesn't take into account the impact on pollution, and
20 the like. So there are some other things that I would do.
21 But I want to be clear, I support that mechanism. I think
22 it's an important safeguard that the feds have to ensure that
23 efficient projects get developed. The tool I would use would
24 probably be sandpaper rather than a sledgehammer.

25 MR. McLAUGHLIN: Madam Chair, to embellish on

1 the story you were telling -- I don't know if you were
2 telling about the same station -- but a station was
3 eliminated here in the Northstar project because it had a
4 high level of transit service already and, so, there wasn't
5 going to be a lot of improvement at that station in the time
6 savings for the train riders. And, so, it did bad things to
7 the cost effectiveness index, but in the context of an entire
8 corridor, it was nonsensical, frankly, to be eliminating that
9 station. So we've got to find some way to deal with those
10 measures. Beyond that, I agree with Mr. Bell. As I said, we
11 need a queuing mechanism. And where you're sitting, you've
12 got to have some mechanism in place. But some additional
13 variables, I believe, need to be put into that equation. I
14 think Mr. Bell and I are agreeing on some of those -- the
15 environment, the development impact. I mean we're trying to
16 create a community here around these rail lines -- and that's
17 going to help us -- but there are ways to measure some of
18 these factors beyond just commuter time saving. We need to
19 make sure, I think, that we again provide measures that are
20 going to provide some assurance to the communities that are
21 making sense to people. And the more people hear these
22 things that don't -- that looks like a box somewhere and the
23 number comes out and nobody can quite explain -- can explain
24 it, and it isn't actually pushing us in the right direction.
25 So we need to have that evolve, I think, very, very quickly.

1 SECRETARY PETERS: Thank you so much. I think
2 that you've probably noticed that we could spend the rest of
3 the afternoon talking with this panel -- and would very much
4 like to do that -- but we do not also want to keep the other
5 two very well-qualified panels waiting. We may want to come
6 back to you all with questions afterward or an expansion on
7 some of the things that we've discussed with you, as we try
8 to formulate our recommendation. So, again, we so appreciate
9 you being here today. I think from what I heard in this
10 panel was that -- and the two of you said that -- that
11 there's no one in the nation, probably, today is happy with
12 the way their transportation system is running or don't wish
13 that they could make some improvement to it. And I think
14 part of it -- I personally think part of it is the fact that
15 we are using tools that were designed for an era where they
16 worked very well, but they are not working well for what
17 we're dealing with today. And you all have talked about the
18 changes -- I mean the increase in ethanol production, the
19 increase in travel on your rural roads as a result of
20 additional corn production and ethanol production, and
21 hauling that off, and the biproducts of that. We're using
22 the system substantially different today than we were in the
23 1950s. So it does cause us to take a new look about where do
24 we want to go, as our mission is, for the next 50 years. So,
25 again, we appreciate your insights today. We know that

1 you're all very busy people. Thank you for your time. And
2 we may well follow up with you in writing for some additional
3 questions. Thank you.

4 (The hearing stood in recess at approximately
5 2:35 p.m., and reconvened at approximately 3:12 p.m.).

6 SECRETARY PETERS: I want to thank everyone
7 for their patience. And we're now going to move to Panel 4.
8 This is our panel on multimodal transportation congestion
9 solutions. We have three panelists. As I have done earlier,
10 I would like to introduce all three panelists, and, then,
11 we'll take your five-minute presentation in the order of
12 introduction, and, then, go to questions from the commission.

13 In order to try to catch us up on some of the
14 schedule, we may still run a little bit long. So if that's a
15 problem for anyone such as our panel, speakers, or the public
16 who want me to comments, please let us know and we'll try to
17 adjust accordingly.

18 But I do want to introduce someone -- it's an
19 omission on my part -- and I hope he came back in -- it's Tom
20 Sorrel, who's our Minnesota division administrator with the
21 Federal Housing Administration.

22 Tom, welcome. Thank you for attending with us
23 today.

24 I'll move now to the introduction again of our
25 multimodal panel. This panel includes experts who are

1 pioneers in new applications for technology and applying them
2 in multimodal transportation congestion. So our
3 expectations are very high with the three of you.

4 Bernie Arseneau is director of the Office of
5 Traffic, Safety, and Operations for the Minnesota Department
6 of Transportation. He is the public safe for Minnesota's
7 statewide safety plan toward zero death. And we heard
8 earlier this morning from Kathy about that plan. He's also a
9 key author of the Minnesota Department of Highway Safety
10 Plan. Bernie is co-chair for the Minnesota Guidestar
11 program, which provides strategic direction for the
12 deployment of transportation technology.

13 Bernie, welcome. We look forward to your
14 remarks.

15 Our next panelist is Brent Bair. Brent is the
16 chair of the Public Sector Advisory Committee to the
17 Congressional Intelligence Transportation System, or ITSr.
18 He's the managing director of the road commission for Oakland
19 County, Michigan, and past president of ITS-Michigan, and
20 past president of ITS-America, where I think we first saw
21 each other a few years. Brent, nice to see you again, and we
22 very much look forward to your testimony as well.

23 And, finally, Dave Eischens who is an executive
24 with Motorola, Incorporated, a Minnesota Guidestar board
25 member as well. The Guidestar board is an innovative

1 private-public partnership that oversees the Minnesota ITS
2 program.

3 Dave, welcome. We also look forward to your
4 testimony.

5 And if we could start, Bernie, with you.

6 Thank you, Madam Secretary, and distinguished
7 Commissioners. My name is Bernie Arseneau, I am the director
8 of the Office of Traffic, Safety, and Operations for the
9 Minnesota Department of Transportation. I'm here to share
10 with you some information that must be considered in our
11 efforts to manage and reduce congestion. Mn/DOT and our
12 transportation partners have been leaders in the deployment
13 of innovative and effective congestion reduction initiatives.
14 Over 90 percent of the Minneapolis-St. Paul metro freeway
15 system is equipped with our free management system. This
16 system includes ramp meters, cameras, loop detectors,
17 changeable message signs, travel time information, freeway
18 service patrol, and traffic information. These tools enable
19 us to respond quickly and effectively to incidents, resulting
20 in improved safety and travel time reliability, as well as
21 providing motorists with important information so that they
22 can make informed choices regarding their trip.

23 May 16th, 2005 marked the day Mn/PASS I-394
24 high-occupancy toll-lane system became operational. The main
25 goal of Mn/PASS is to improve the vehicle usage with the

1 high-occupancy vehicle lane that was built in 1992, using
2 federal funding, without affecting speeds for transit and
3 carpoolers. Speeds on the hot lanes are maintained by
4 dynamically changing the toll, according to the demand and
5 use of the lane. Currently the toll ranges from 25 cents up
6 to eight dollars. The benefits of Mn/PASS have been
7 significant for both the hot lanes and the general purpose
8 lanes.

9 Mn/DOT's Congestion Management Planning Study
10 identifies non-traditional solutions to existing bottlenecks.
11 This is a surgical approach to reducing congestion as opposed
12 to the more traditional approach of large expansion projects
13 that are becoming more and more difficult to build due to
14 limited resources. Two recent projects incorporated this
15 approach; each had a benefit cost ratio of over 13 to one.
16 We'd like the FHWA to be somewhat flexible with existing
17 design standards so that we can maximize benefits for the
18 traveling public through the implementation of these types of
19 projects.

20 Transit solutions are an essential component in
21 our congestion management effort. Transit providers in the
22 metro area utilize many automated systems. Buses also enjoy
23 the benefits of HOV lanes, HOV ramp-meter bypasses, and an
24 impasse lane, enabling them to provide reliable trips for
25 transit users. BRT routes have also been identified as key

1 transit corridors.

2 Innovative transit strategies must be supported
3 as a part of the Congestion Management Plan. Incentives such
4 as peak period transit fare discounts should also be
5 considered to encourage transit use. Flexibility in funding
6 is essential to support these types of programs.

7 The integrated corridor management effort is a
8 program that looks at parallel routes, recognizing that road
9 users will balance demand among multiple corridors if viable
10 options are provided. By reviewing signal coordination,
11 alternative routes become desirable and congestion is
12 reduced. These corridors would also benefit from the traffic
13 management tools used on our freeway system.

14 Currently, Minnesota transportation
15 stakeholders are working together to develop a proposal for
16 the urban partnership agreement, which is aimed at reducing
17 congestion in major metropolitan areas. In this proposal, we
18 incorporate new generation strategies with proven multimodal
19 strategies that address recurring and non-recurring
20 congestion. These proven methods have gained broad public
21 support that further enhances the effectiveness of our
22 proposal. Included in our application, we'll recognize the
23 existing ITS infrastructure, each of the strategies discussed
24 earlier, our mileage-based user-fee demonstration project,
25 and a plan to educate major employers of the benefits

1 provided by telecommuting options. In addition, we will
2 study a possible corridor conversion of HOV to hot lanes
3 along the I-35W corridor. We will also describe our ability
4 to clearly measure the effect of each of our congestion
5 mitigation strategies with the in-place ITS infrastructure.

6 Minnesota's UPA proposal will include
7 dynamically priced hot shoulder lanes. This approach
8 utilizes the existing shoulder areas, including shoulder-only
9 bus lanes, for additional capacity during congestive periods.
10 The Minnesota congestion reduction model is an innovative,
11 efficient, and effective approach to reducing congestion on
12 our roadways. Deployment of a comprehensive and systematic
13 and proven and innovative congestion mitigation strategies
14 will result in reducing congestion and improve safety. The
15 number of congested freeway miles in the Twin Cities declined
16 in 2006 for the third straight year as a result of this
17 approach. It is important that states be given the
18 opportunity to compete for limited resources with lower risk,
19 higher payback approaches.

20 Thank you for the opportunity to speak with you
21 today.

22 SECRETARY PETERS: Bernie, thank you so much
23 for your testimony. That's commendable progress that you've
24 made on Highway 100, as indicated in the documents that were
25 provided to us.

1 Brent.

2 MR. BAIR: Thank you, Madam Secretary,
3 Commissioners, thank you for the opportunity. The public
4 sector advisory committee, or PSAC, as I will call it from
5 now on, is made up of leaders of state and local
6 transportation agencies across the country. PSAC believes
7 there must be a refocusing of national transportation policy,
8 including a possible shift to time of day and mileage-based
9 user fees as opposed to the traditional fuel tax for the
10 long-term transportation funding. We also agree, and
11 emphasize, that there must absolutely be an increased federal
12 focus on urban congestion reduction and system safety
13 enhancements. In fact, we strongly believe that these should
14 be among the very top federal transportation priorities. But
15 how do you make improvements in these areas. We believe that
16 one of the best ways to achieve improvements is through the
17 increase use of transportation technologies. From a cost
18 benefit standpoint, PSAC believes that using technologies to
19 get existing transportation systems to function better is
20 definitely the appropriate path of the future. To that end,
21 PSAC has adopted a number of preliminary recommendations
22 related to re authorization and beyond reauthorization. They
23 are:

24 1. As was recommended by the previous ITS
25 caucus advisory committee to SAFETEA-LU, PSAC proposes that a

1 categorical program be established that would provide ITS
2 funding to every state based on a funding formula and on a
3 user-it or lose-it basis. We consider this is the best way
4 to encourage expansion of ITS deployment across the nation,
5 and to encourage that ITS is not concentrated only in a
6 select few states and metropolitan areas.

7 2. The U.S. DOT should collect and proactively
8 disseminate data documenting the benefits of ITS
9 technologies, such as before and after studies, that include
10 performance measures. U.S. DOT should not only document
11 success stories, but it must proactively promote the
12 deployment of ITS technology throughout the country.
13 Additionally, U.S. DOT should continue to guide and encourage
14 research into enhancing ITS, including cost-benefit analyses,
15 peer-to-peer technical assistance, training courses, and
16 continued refinement of the national ITS standards
17 architecture and enhance system performance measures. All of
18 this is needed to help overcome the longstanding bias towards
19 using available funding solely for traditional placement of
20 more asphalt and concrete rather than the use of technologies
21 that are perceived by some to be unproven.

22 3. Make funds available for the maintenance
23 and operations of ITS. One of the big concerns of many
24 states and local transportation agencies is that even if
25 funds are available to deploy ITS technologies there will be

1 no funding available for the ongoing maintenance and
2 operations of these tools. Making federal funds available
3 for this purpose indefinitely would help to minimize this
4 concern.

5 In addition to these specific recommendations,
6 PSAC also believes that there are some general, overarching
7 principles that should guide discussions of transportation,
8 and transportation technology funding. These include the
9 conviction that the federal government must continue to play
10 a vital role of catalyst for the advancement and increased
11 deployment of transportation technology. The federal
12 government has a unique perspective of being able to see the
13 big picture much more clearly than those of us focused on the
14 day-to-day field operations. For us, too often the
15 operational objectives are simply to maintain the status quo
16 or maybe add a minimal number of new programs. This
17 situation often does not allow many transportation agencies
18 the luxury of considering or investing scarce resources in
19 new technologies that might improve operational efficiencies
20 and/or enhance safety of our systems.

21 Leaders at the federal level, however, can take
22 the steps that will spur those of us in field operations to
23 step back and begin engaging in these new technologies.
24 National leaders have the opportunity to present the vision
25 of what the system should look like and develop programmatic

1 incentives to move the nation's transportation agencies
2 toward that vision. There is a tremendous opportunity at
3 this point to provide this bold leadership through the
4 upcoming reauthorization process and beyond that. PSAC
5 implores our national transportation leaders not to squander
6 this opportunity by simply continuing with more of the same.
7 Without such leadership, backed by incentives, many of those
8 at the operations level are apt to succumb to the immense
9 pressure to invest solely in new pavement that is a more
10 visible improvement to which engineers and politicians can
11 point. While such improvements will always be a necessary
12 part of the mix for local road agencies, devoting all
13 road-improvement dollars to these status-quo projects is
14 penny wise and pound foolish, and too often does not generate
15 the significant congestion reductions and safety enhancements
16 that technology promises.

17 Using my own agency as a case study, briefly,
18 again, Oakland County, Michigan is right outside of Detroit.
19 That's part of one of those black holes in the United States'
20 Swiss cheese. Oakland County today has 1.2 million, and an
21 additional 300,000 commuting in daily. Twenty years ago, we
22 identified that our congestion problems were increasing, and
23 recognizing we'd never have the money to build our way out.
24 We have an arterial system where the intersections are the
25 problem, they're the bottlenecks, and, so, we turned to

1 technology to get the intersection signals to work better.
2 We went to us Australia and imported an Australian system,
3 adaptive signals, to do that. We went to video-imaging
4 technology, developed right here at the University of
5 Minnesota, to detect the vehicles. Today, we have the
6 largest adaptive signal system in the United States, and over
7 2,000 cameras in the air, the largest deployment of video
8 imaging in the world. We helped perfect, if you will, and
9 improve, certainly, the autoscope system that's now available
10 to everyone around the country, in fact, around the world.
11 I might add that Oakland County is also the site of the
12 V.I.I. proof of concept later this year. From a cost benefit
13 standpoint, we at Oakland County believe this investment in
14 technology has paid off many times over. Several objective
15 third-party studies have confirmed this.

16 In closing, I would like to reiterate that the
17 public sector advisory committee feels strongly that the
18 federal government should strenuously push the deployment and
19 advancement of these technologies in order to address the
20 national safety and congestion problems. This can best be
21 done through financial incentives, training, and support,
22 that is by ensuring that the portion of federal
23 transportation dollars are set aside solely for
24 transportation technology. Thank you.

25 SECRETARY PETERS: Brent, thank you so much for

1 your statement.

2 Dave, please.

3 MR. EISCHENS: Madam Secretary, and
4 distinguished Commission members, first let me thank you from
5 the Minnesota Guidestar organization for this opportunity to
6 highlight some key elements to our approach to public-private
7 partnerships. I appear today on behalf of the Guidestar
8 Board of Directors, of which I am a member. Well, here are
9 the comments on the categories of uniqueness, benefits, and
10 effectiveness of the Guidestar program.

11 Minnesota Guidestar is the state's intelligent
12 transportation system program. Minnesota Guidestar is
13 administered by the Minnesota Department of Transportation in
14 partnership with the Federal Highway Administration,
15 University of Minnesota, numerous other public and private
16 partners, ITS Minnesota, and the state chapter of ITS
17 America. The Minnesota Guidestar Board of Directors is a
18 private-public board that advises the Mn/DOT Commissioner
19 regarding ITS activities.

20 Since its inception in 1991, the Minnesota
21 Guidestar program has been a key player in advancing ITS
22 technology and programs to help achieve statewide and local
23 transportation objectives. That success has been possible
24 because of the program's unique partnership activity that has
25 produced nationally and internationally recognized innovative

1 programs and projects.

2 The Guidestar organization is unique in the
3 nation in that it's the only public-private-academic
4 partnership organized to advise the state DOT regarding ITS
5 matters.

6 Partnerships have facilitated the development
7 of new technologies for transportation, such as video traffic
8 detection, smart work zone systems, and new approaches to
9 highway rail-grade crossings.

10 Minnesota's Guidestar program is aimed at
11 researching, testing, and deploying advanced transportation
12 technology to save lives, time, and money.

13 Benefits to Minnesota travelers include
14 improving the safety of the state's transportation system,
15 increasing operational efficiency and capacity of the
16 transportation system, enhancing mobility, convenience, and
17 comfort for the transportation system user, enhancing the
18 present and future economic productivity of individuals,
19 organizations, and the economy as a whole, and reducing
20 energy consumption, environmental impacts, and costs of
21 transportation.

22 Partnership benefits include providing safety
23 and congestion reduction, providing Minnesota with the
24 benefits of the latest technologies for transportation,
25 providing Minnesota businesses with means to develop and test

1 new products that would not otherwise be possible, promoting
2 growth in high-salary, high-technology jobs, and resulting in
3 worldwide sales of new products for Minnesota.

4 Effectiveness.

5 The accomplishments of Guidestar include the
6 I-394 MnPASS hot lane, the 511 statewide travel information
7 system, regional traffic management center, nine separate
8 transportation operation communication centers, and the
9 traveler information evacuation routing (TIGER).

10 Under safety, Minnesota will reduce
11 crash-related fatalities and serious injuries through the
12 safety initiative using these key strategies throughout the
13 state:

14 Expand data collection infrastructure on the
15 highway system.

16 Improve traveler information dissemination,
17 systems, and signage.

18 Expand first-responder and law-enforcement
19 systems.

20 Implement V.I.I. programs throughout the state.

21 Implement the next generation of traffic
22 operations and communications centers.

23 Expand winter maintenance operation to improve
24 safety.

25 Use of intersection collision warning systems

1 and electronic speed enforcement to prevent crashes.

2 Safety initiatives will produce dramatic
3 results as deployment is completed over time, and these
4 results will reduce fatal and serious injury crashes, improve
5 intersection safety, provide advanced warning for hazardous
6 road or weather conditions, and improve incident response
7 time, and reduce incident clearance times, and advance
8 state-of-the-art safety technology.

9 Minnesota will implement active, aggressive
10 transportation management through the mobility initiative
11 using the following key approaches in the state's urban
12 areas. These approaches include:

13 Hard or hot shoulders to maximize use of
14 available pavement.

15 Expansion of the RTMC coverage area to 100
16 percent of the metropolitan freeways.

17 Variable speed limits to smooth traffic.

18 Lane control signals to manage lane.

19 Incorporating local streets and transit into
20 integrated corridor management.

21 Contra-flow lanes to take advantage of the
22 unused capacity.

23 Electronic enforcement to optimize compliance.

24 Aggressive incident and construction management
25 control systems.

1 Hot lanes with dynamic pricing.

2 Mobility initiative is focused on producing
3 dramatic results as deployment is completed over time. These
4 results will increase overall peak period freeway capacity,
5 increase average peak period freeway speeds, gain ten to 20
6 years interim transportation system-wide capacity, improve
7 safety by reducing the number of crashes, improve travel time
8 reliability, and reduce incident clearance times.

9 Finally, let me close with a bit of vision
10 about communications and ITS. The single most important
11 development in the forthcoming transformation of mobile
12 services is the integration of IT technology into our core
13 networks. IT is finally delivering on the promise of
14 convergence, merging independent services and access networks
15 onto one consolidated platform. The intelligence of an
16 intelligent transportation system is enabled by the data that
17 it collects from the world around it and empowered by the
18 information it creates and disseminates through actors in
19 that same environment. Both collection and dissemination are
20 dependent upon communication capabilities. Without
21 communications, the intelligence is trapped in a vacuum. The
22 advent of the Internet forever changed the fundamental
23 paradigm of telecommunication networks. Networks are no
24 longer self-contained. They employ a variety of different
25 technologies and modems. They are constructed and operated

1 within a variety of business models, yet they provide
2 communications across the various boundaries in increasingly
3 the easy most way. The challenge to fulfilling all the
4 telecommunication needs of the truly advanced ITF system is a
5 combination of selecting communications media which provide
6 the highest impact for a specific communications task, along
7 with integration of the various modems to eliminate seams,
8 which enter data collection and information dissemination.
9 At the core of reducing congestion requires positive change
10 in human behavior. Behavior patterns can be altered through
11 structural changes, but this generally results in a new norm
12 and a new behavioral pattern. To enable people to adapt
13 dynamically to the environment around them and use this
14 dynamic adaptation in the fight against traffic congestion
15 requires providing them with information in realtime and
16 enabling them to make and implement decisions in realtime.
17 In other words, communication. Thank you, Madam Secretary.

18 SECRETARY PETERS: Thank you so much. I
19 appreciate your statement as well. We're going to go now to
20 the Commission for questions with the panel. And, again, we
21 appreciate you being here and your statements today. We'll
22 start with Commissioner Stancke, followed by Commissioner
23 Odland.

24 MR. SKANCKE: I don't have any questions.

25 SECRETARY PETERS: We'll go down the line.

1 Questions for the panel?

2 COMMISSIONER CINO: You know, I just have one
3 question.

4 Bernie, having been at the partner schedule, we
5 looked, with great interest, and were very encouraged, by
6 what we saw with I-394. I'm just wondering, if you'd remind
7 me, is that a moneymaker right now? Is it breaking even? a
8 moneymaker? or at a loss?

9 MR. ARSENEAU: Madam Secretary, and
10 Commissioner Cino, right now, the 394 Mn/PASS revenue does
11 cover operating expenses, with just a little bit extra.

12 COMMISSIONER CINO: Thank you.

13 SECRETARY PETERS: And we can thank this panel
14 on very good information. The question I would have for you,
15 quickly, is do you see the technology that you've all spoken
16 about today being able to support other applications or
17 probably in the future? For example, Lieutenant Governor
18 Molnau earlier today talked about a mileage-based pilot
19 program that they'd like to undertake here in Minnesota,
20 similar to the ones that they've done in Oregon and
21 Washington State in the past. Is the type of technology that
22 you all were talking about enabling in terms of moving
23 through those kind of applications?

24 MR. ARSENEAU: Madam Secretary, I believe it
25 is. We are working on that now, at least, based on the

1 user-fee demonstration project right now. We don't know
2 exactly how it will be done. We're looking to our prime
3 partners and some of the technology that they utilize to help
4 us do that. We're putting out an RFP to try to help our
5 private-sector partners as well to provide us with
6 information about how we can best, most efficiently, and
7 effectively collect that. I think that it is available.
8 There's two or three different ways that we're aware of right
9 now. We're hoping that, in fact, through this RFP we will
10 get some very, very good responses to that.

11 SECRETARY PETERS: Thank you.

12 Brent.

13 MR. BAIR: Madam Secretary, I believe it can.
14 First of all, we're seeing more and more automakers putting
15 GPS on their cars -- GM began it, and, then, more are adding
16 it. With V.I.I., it will be required on all cars, if V.I.I.,
17 proceeds. I believe some of us think it will. That GPS will
18 then allow us to track vehicles, track the road use, track
19 the time of day, track -- you name it, and we can chart it by
20 all of those variables. I think that's part of our future
21 and that's the way we need to go. The gas tax we need today,
22 but for tomorrow -- you folks are looking at the future -- we
23 need some other mechanism, and I think per mile is the way to
24 go.

25 SECRETARY PETERS: Thank you.

1 MR. EISCHENS: Madam Secretary, certainly as
2 you have a wireless and wire-line co-acting network, you can
3 enable a variety of applications on it, so -- maybe not
4 enable what you're talking about, but many other applications
5 that we're discussing.

6 SECRETARY PETERS: Thank you so much. And I
7 think you've all done a very good job of emphasizing safety,
8 as well as the suggestion of strategies, and the importance
9 of technology. We appreciate your testimony today. We might
10 want to follow up with some written questions and ask you to
11 give us a little more information. Thank you so much.

12 We're going to move now to our last panel,
13 Panel 5. If you can make your way to the table, and we'll
14 change the name tags out. This is the freight-user
15 perspectives and solutions panel. I will introduce the panel
16 as they come to the table.

17 This panel is a panel that really is looking at
18 crossroads for shipping of freight in the Upper Midwest and,
19 certainly, Minnesota is a very big part of that. Our final
20 panel today is going to focus on the challenges that shippers
21 face today and solutions for tomorrow.

22 Larry Lair has been with 3M Corporation since
23 1983 and is currently vice-president of 3M's Traffic Safety
24 Systems Division. Larry is also a member of the Executive
25 Committee and Board of the American Highway Users Alliance,

1 as well as the Board of the American Road and Transportation
2 Builders Association, and various other transportation-
3 related Boards.

4 Larry, welcome. Thank you for being here
5 today.

6 Our next panelist is Rick Gabrielson. He's a
7 senior manager for import transportation for Target
8 Corporation.

9 My kids spend a lot of money at your store.

10 MR. GABRIELSON: Thank you.

11 SECRETARY PETERS: His responsibilities include
12 the management and movement of all imported product headed
13 for the shelves in Target stores. At 200,000 containers a
14 year, Target is the second largest containerized importer in
15 the United States. Rick has been with Target for 19 years,
16 and in the transportation logistics industry for more than 25
17 years.

18 Rick, welcome. We look forward to your
19 testimony.

20 SECRETARY PETERS: Our next panelist is Tim
21 Coats. Tim is the vice-president for supply-chain logistics,
22 strategy, and grain for General Mills.

23 My children also spend a great deal of money on
24 your products as well.

25 He joined the company in 1978, and today is

1 responsible for a 3.5 billion-dollar portfolio that includes
2 purchasing, materials technology, contract manufacturing,
3 inventory-production planning, and distribution.

4 Our next panelist is Frank Sims. Frank joined
5 Cargill in 1972, and is currently corporate vice-president
6 for transportation and supply chain. Prior to his current
7 assignment, Frank served as the president of Cargill's North
8 American grain division from 1998 to 2000. He is also a
9 member of the Boards of Directors of the Federal Reserve Bank
10 of Minneapolis, and the Tenet Company.

11 Welcome, Frank. We look forward to your
12 testimony.

13 Aaron Jorgensen is senior director of
14 supply-chain integration for Medtronic, Incorporated. This
15 Minnesota-based company manufactures and sells device-based
16 medical therapies around the world. His company is on the
17 cutting edge of biotechnology, and depends on a world-class
18 transportation system.

19 Aaron, welcome. We look forward to your
20 testimony as well.

21 And last, but certainly not least, Dr. Teresa
22 Adams, who is a professor of transportation engineering and
23 city planning at the University of Wisconsin, at Madison, and
24 director of the National Center for Freight Infrastructure,
25 Research and Education, and the director of the Midwest

1 Regional University Transportation Center. Doctor Adams has
2 17 years experience working with state and federal
3 transportation agencies on freight transportation and
4 infrastructure issues. She has conducted research for the
5 seven states of the Upper Midwest Freight Corridor Coalition,
6 and is the principal investigator for the Mississippi Valley
7 Freight Coalition.

8 As with the earlier panel, we'll ask each of
9 you to make a five-minute oral statement, and that will be
10 followed by questions and conversation with the
11 commissioners. I'm going to personally apologize. I regret,
12 but I do have to leave to take a telephone call. I thank you
13 all for being here. I'll look forward to the written record
14 of your testimony. And if I could ask you, each to perhaps
15 address -- and we'll make note of this. We're looking for
16 some performance measures that will help us really judge
17 whether our transportation system is giving us what we need
18 in terms of results. And I would ask you all to perhaps give
19 us some ideas about what those measurements may be. For
20 example, transportation costs as a component for GDP or
21 inventory-carrying costs. Those are just some things that I
22 would throw out. But if you could address those issues, we
23 would greatly appreciate that. With that, I'm going to turn
24 the chair over to Commissioner Skancke. And, again, thank
25 you for being here.

1 Larry, if you'd like to start.

2 MR. LAIR: Thank you, first of all, for
3 bringing these hearings to Minnesota and soliciting our
4 viewpoints. I'll be using a PowerPoint presentation. I hope
5 you can see it over here. I'll go through this very quickly,
6 so this won't take much time.

7 First of all, I work for 3M Company. And I'd
8 like to just give you a little background. We're 23 billion
9 dollars in sales annually. An important point is 60 percent
10 of our sales are outside the U.S. With the area that I
11 represent, it's closer to 65 percent of our sales. We're a
12 net exporter of U.S.-produced goods, very similar for the
13 particular area that I have within 3M. We produce a lot more
14 product in the U.S. than we sell in the U.S., so we export a
15 great deal more than we actually sell here. We have
16 operations for manufacturing, et cetera, in 30 states. We've
17 got 35,000 U.S. employees. In terms of freight movements, we
18 have two and a half million freight movements a year in the
19 U.S. alone, and we spend a half billion dollars on freight in
20 the U.S. 3M has another role in transportation that's very
21 important. Secretary Peters has previously visited our
22 transportation research center down in South St. Paul. And
23 we're a provider of safety products, as well as we invent new
24 products there. Because it's our business and expertise, I'm
25 going to talk about safety and mobility in the terms of

1 transportation. As we all know, truck travel is expected to
2 increase substantially in the coming decade and much of that
3 travel will continue to occur at night. As indicated in my
4 written testimony, federal data clearly under that nighttime
5 travel is more dangerous. There are a variety of reasons,
6 but the main reason is you don't have the same visual clues.
7 Drivers don't perceive many of the same signals that they
8 can see during the day. You basically have to have a lot
9 more visual clues out there for the driver to be able to see
10 what's coming up. And the guide and warning signs and
11 pavement markings, and even the visibility for the sides of
12 truck trailers, are very important to us at 3M, and that's
13 what my particular division works with.

14 An example of a couple different areas of
15 technology that we have within 3M, at our sign-performance
16 area, 3M's technology invented retroreflection back in 1937,
17 this is the main technology that's used today to be able to
18 see your guide signs and guide lines out there on the road.
19 There's a big disparity between what a driver sees in a truck
20 and what a driver sees in an automobile. You have that
21 higher observation angle, so the driver of a truck gets much
22 less light reflected back to them. There are new advances in
23 technology that have come along that more than doubles the
24 amount of that light that gets back to that driver so they
25 can see what's going on. You have less incidents on the road

1 and, therefore, you increase the mobility out there on the
2 road.

3 Another interesting area that we have new
4 reflective technology in is in the pavement markings. That's
5 the biggest guides' post that you have at night out there on
6 the road, especially on the highway for trucks. Once again,
7 they're at a disadvantage position because they sit higher up
8 above the road, less light is returned.

9 One of the biggest safety issues we've had for
10 years and years out there on the road for transportation
11 officials is when it rains at night, your markings just go
12 dead, you can't see anything, there's no guide line to go by.
13 We've researched for about 20 years how to get past that.
14 Within the last two years, we came up with some technology,
15 whereby when it does rain at night, the markings are just as
16 bright at night with the rain as they are at night when it's
17 a dry road. So that's a significant advancement, and that's
18 another thing that really helps with the safety out there on
19 the road.

20 There's a government regulation out there that
21 impedes bringing these new products into the marketplace.
22 We've invested millions of dollars developing these
23 technologies. And it's called the "Proprietary Products
24 Rule." Many state and local transportation agencies believe
25 these advancements significantly contribute to safety and,

1 thus, the efficiency of our transportation system, yet the
2 federal guideline -- which I don't believe is well-known --
3 really puts a halt to bringing any product out into the
4 federal system that has federal funds on it, if it's patented
5 or if it's proprietary or if it's considered sole source. In
6 the business that we're in, innovation drives everything.
7 New technologies, the business that we're in, every new
8 product that we produce has patents around it. That's the
9 way we do things, that's what we're known for, that's what
10 innovation is all about. Last year, when President Bush
11 visited our campus up in St. Paul, he talked about
12 innovation, and used the 3M Company as a prime example here
13 in the U.S. of a company that has done it right. And, then,
14 we run up against this rule. When we try to bring new
15 technology to the marketplace that makes it safer, more
16 effective, and more mobility out there on the road, we're
17 finding this to be a real impediment. What I'm suggesting
18 here is we need a significant revision of this particular
19 rule. I'd love to have this commission take a look at that.
20 And when you do take a look at that, I think you'll find out
21 that there's a lot of new technologies coming down the
22 pipeline, such as I have up here on the screen. The
23 gentleman from Motorola talked about the V.I.I. initiative.
24 Some of the things that we're working on, they're working on,
25 some of that will be impeded by this rule as it exists today.

1 Displays that have the information transmitted
2 from the roadside structures into the car, that's an issue
3 for us to continue with the research in that area.

4 Newer, brighter signing technology to put into
5 the pavement markings in the roads, such as RFID tags, et
6 cetera, we are really taking the second looking at some of
7 this stuff because of the rule here.

8 So I think it's a good thing for you to look at
9 this. And, hopefully, you're aware of the rule now.

10 I want to once again thank you for allowing me
11 to speak about safety on the roadway and what it's doing to
12 mobility for our freight movers. Thank you.

13 COMMISSIONER SKANCKE: Thank you, Larry. We
14 appreciate your testimony.

15 Rick.

16 MR. GABRIELSON: Good afternoon. On behalf of
17 Target Corporation, thank you for inviting me here today to
18 discuss our country's transportation system, and gathering
19 the insights from shippers and our recommended solutions to
20 ensure our nation's freight corridors remain fluid.

21 As background, Target Corporation is the
22 nation's second largest containerized importer in the United
23 States.

24 The world economy is poised for continued
25 growth. Economic activity will continue to shift to Asia,

1 manufacturing is becoming more broad based, and outsourcing
2 trends will remain in low-cost, high-productivity markets
3 like China and India.

4 Container growth for 2007 is once again
5 projected at ten percent, and between eight and ten percent
6 for each year through 2010. Container imports are expected
7 to double by the year 2020, rail-freight tonnage is expected
8 to increase by 50 percent by 2020.

9 Intermodal growth in the U.S. has almost
10 doubled in the past 15 years and that trend is likely to
11 continue. Railroads spent eight billion dollars on
12 infrastructure in 2006 and it was not enough to keep pace
13 with the industry's needs. Air cargo is expected to increase
14 by five percent every year through 2016. From 1970 to 2003,
15 vehicle traffic on highways rose by a hundred and sixty-one
16 percent but road mileage only increased by six percent. Half
17 of the nation's 257 locks on inland waterways are
18 functionally obsolete. Of the 590,000-plus bridges, 27
19 percent are structurally deficient or obsolete. Most ports
20 have not been dredged to handle the 10,000 TEC container
21 ships that are now in production -- and, frankly, some of
22 them are actually in use. The result is that congestion
23 costs over 63 billion in wasted time and fuel.

24 It is estimated that, given the strong growth
25 in global trade, demand will exceed available capacity at

1 present conditions in our ports and connectors by the year
2 2010 unless we begin to take some immediate action.

3 The marine transportation system has great
4 value for our nation. Its economic benefit is significant.
5 The revenue impact alone is greater than one trillion dollars
6 annually, and it creates over 13 million jobs. Our nation's
7 economy is at risk unless we begin to take action to improve
8 that.

9 Some of the actions that I think we can address
10 or can take is we must improve the productivity, efficiency,
11 and throughput of all of America's blue-water ports.

12 The operating methodology, use of technology,
13 and changes to U.S. terminal labor practices must take place.
14 Productivity at terminals -- which is measured in TEUs, or
15 20-foot equivalence, per acre -- is substantially lower in
16 the U.S. than it is in Europe or Asia. Average TEUs in the
17 U.S. is slightly more than 4,000 per acre where, in Europe,
18 they average 6,300, and in Asia, 16,500 at the top ports.

19 Making harbor trucking a profitable business is
20 also a priority. The harbor-trucking industry is vital to
21 the movement of containers from terminals to nearby
22 distribution facilities, and deconsolidation facilities,
23 where containers are unloaded. Independent owner-operators
24 largely make up this industry. Many of them drive older
25 trucks that are high in diesel emissions and, given their

1 compensation levels, cannot afford to purchase newer trucks
2 that emit lower diesel particulates, or DPMs. This is
3 becoming a growing concern in regional markets like Southern
4 California. I would urge this commission to push or promote
5 federal tax incentives that would allow small-fleet operators
6 and owner-operators the ability to trade up to cleaner
7 burning diesel or alternative-fuel vehicles to address the
8 emissions issues in markets like California. Without
9 addressing this need, my fear is that no infrastructure
10 projects will take place until the environmental issues are
11 addressed.

12 We must quickly invest in intermodal rail to
13 increase the velocity of equipment moving container cargo,
14 and to address choke points at east-west interchanges.

15 We need to encourage private-sector investment
16 in intermodal rail capacity through tax incentives. While
17 the railroads have invested heavily in infrastructure, it's
18 simply not enough to meet demand. Tax incentives for
19 investment -- specifically, in intermodal rail infrastructure
20 improvement projects -- would speed needed investment by the
21 nation's freight railroads.

22 We also need to improve our east-west
23 interchanges. The exchange points where western railroads
24 and off cargo to eastern railroads are congested and located
25 in some of the most urban areas of the country. Chicago

1 comes to mind. Building bypass projects like the Create
2 project in Chicago would greatly improve goods movement and
3 that would benefit the entire country. This project should
4 receive adequate federal funding to move this project
5 forward.

6 We must expend public resources on freight
7 projects wisely where they will have the biggest return, only
8 after consulting with shippers, to understand business trends
9 affecting the value of future capacity enhancements. We need
10 a national freight policy on goods movement that would
11 increase funding specifically for freight projects.

12 We must also embrace the concept of
13 public-private partnerships in funding infrastructure
14 projects. Candidly, we have more needed projects than we
15 have funds for, both at the federal and state level. We have
16 used up excess capacity in our nation's infrastructure and we
17 must now rebuild it if we want to keep our nation's economy
18 strong. To help secure private investment, we need to
19 embrace concepts like offering federal tax incentive or bonds
20 to promote private investment. I would urge this commission
21 to support and promote legislation that would create this
22 opportunity to drive private investment. One step is to
23 include our recommendation into the Revenue Commissioner
24 Report. That gets it more public and, hopefully, there's a
25 chance of some funding.

1 Thanks for allowing me to spend time with you
2 today.

3 COMMISSIONER SKANCKE: Thank you, Rick.
4 Tim.

5 MR. COATS: Distinguished Commissioners, I
6 thank you for the opportunity to address this Commission.

7 As background, General Mills is a leading
8 global manufacturer and marketer of consumer-food products,
9 with annual sales of 12 and a half billion. Our global brand
10 portfolio includes Betty Crocker, Pillsbury, Green Giant,
11 Haagen-Dazs, Old El Paso, Yoplait, and more.

12 General Mills produces over 800 million cases
13 of food each year. Laid side by side, those cases would span
14 the globe seven times. As you can imagine, it takes lot of
15 coordination to move this much food around.

16 While we don't operate our own private fleet,
17 we spend 750 million dollars per year on transportation
18 services. Trucking represents 85 percent of our
19 transportation spending. Each day, General Mills puts
20 approximately 2,000 trucks on our nation's highways. In
21 total, that product travels over 300 millions miles per year.
22 The average shipment travels 700 miles, passing through
23 multiple major metropolitan areas.

24 Our view of the emerging issues in
25 transportation is driven by two critical constituencies, our

1 customers and our carriers. While consumers buy our products
2 off the shelves, at General Mills, our customers are the
3 retail and wholesale partners who bring these products to the
4 shelves, like our friends at Target here, right next door.

5 Two key priorities of our customers are driving
6 our business and impacting the transportation system in
7 general.

8 First, our customers are reducing their costs
9 by keeping lower inventories on hand. In fact, inventories
10 at our major customers are now decreasing at a rate of ten
11 percent per year, or more. Second, our customers are placing
12 increased emphasis on keeping shelves fully stocked at all
13 times. So while customers want less inventory on hand, they
14 also need to have exactly the right inventory on hand at
15 precisely the right time. To meet this challenge, greater
16 levels of responsiveness and reliability will be required
17 from our transportation network.

18 Growing traffic congestion on our nation's
19 highways, especially in urban areas, represents a growing
20 obstacle to overcome. Efficient commercial freight movement
21 is the backbone of our nation's economy. Congestion-related
22 delays impact cost, as well as service. Every one mile per
23 hour reduction in speed below the posted speed limit results
24 in two million dollars in higher cost to General Mills
25 carriers. And I believe this is one of those metrics that

1 Madam Secretary referred to in terms of watching as we move
2 into the future. Congestion also significantly impacts work
3 quality for drivers, impacting job satisfaction and making it
4 increasingly difficult for our carriers to recruit new
5 drivers.

6 In light of these emerging trends in the
7 marketplace, General Mills strongly supports initiatives that
8 drive greater supply-chain speed and predictability. Over
9 the last two years, General Mills has removed 10,000 trucks
10 from our nation's highways by optimizing cases loaded per
11 truck. This is an important component of General Mills'
12 overall sustainability efforts. However, industry actions
13 alone will not be sufficient. It is critical that priorities
14 are established for infrastructure investments that support
15 our nation's growing economy.

16 We support further investigation into the
17 American Trucking Association's recommendations already
18 presented to this commission. The potential productivity
19 benefits of changes to size and weight regulations are very
20 significant. General Mills supports a review of current
21 weight regulations and increasing the maximum gross weight of
22 six-axle tractor-trailers. The ATA's freight corridors'
23 initiative would fund highway projects in highly congested
24 areas that hold the greatest potential for improvements of
25 movement of freight. We are also intrigued by the idea of

1 highways limited for the exclusive movement of trucks.
2 General Mills would be willing to participate in efforts to
3 identify such corridors. Each of these ATA proposals has the
4 potential to increase infrastructure capacity and
5 transportation efficiency and reliability. I also want to
6 recognize that intermodal transportation and rail is critical
7 and needs to be addressed. But for this to remain
8 competitive for our business, we must see increased capacity
9 and improved service. Of course, all these changes cost
10 money. In general, we support funding sources that are tied
11 to highway use simple and cost-efficient to implement and
12 administer, and not disruptive to inter or intrastate
13 commerce.

14 Here in Minnesota, General Mills has been a
15 leader in supporting increased funding for transportation.
16 Last year, we helped lead the effort to pass a ballot measure
17 that dedicated funding for transportation in the state. We
18 believe targeting funds generated from highway use to
19 transportation infrastructure and expansion and improvement
20 is critical.

21 We look forward to working toward additional
22 solutions that help relieve congestion in Minnesota, as well
23 as the rest of our nation's highways.

24 I thank you for the opportunity to share these
25 recommendations.

1 COMMISSIONER SKANCKE: Thank you for your
2 testimony, Tim.

3 Frank.

4 MR. SIMS: Thank you very much, and thanks for
5 this opportunity to testify before you.

6 Cargill is an agriculture- and food-based
7 company. We're global in nature. We have a hundred and
8 fifty thousand employees in 66 countries, and we generate
9 about 75 billion dollars a year in sales. Cargill relies on
10 railroad and water transportation for the majority of its
11 domestic shipping needs, and relies on truck transportation
12 for receiving much of its inbound commodities. Because the
13 other witnesses today also are heavy truck users, I shall
14 focus my testimony on our rail and water infrastructure.

15 Cargill makes over 300,000 rail shipments
16 annually to or from over 240 facilities nationwide, of which
17 over 150 have access to only a single railroad. In addition,
18 Cargill manages a rail fleet of almost 20,000 rail cars,
19 including tank cars, hoppers, and boxcars. Cargill also
20 ships over 12 million tons annually via barge on the nation's
21 inland waterway system. Our shipments range from bulk grain
22 and oilseeds, identity-preserved commodities, food-grade
23 oils, frozen beef and pork products, and containerized
24 shipments of cotton. In order to remain competitive in the
25 global marketplace, Cargill relies upon a sound

1 infrastructure with sufficient capacity to function
2 efficiently.

3 Our nation's rail and water infrastructures are
4 under unprecedented strain. Our inland waterway system is
5 struggling under the weight of aging locks and growing
6 demand. Our railroads are experiencing capacity constraints
7 for the first time in modern memory.

8 Enormous spending is required to maintain and
9 grow this infrastructure to meet even the most conservative
10 projections of freight demand. One study by the American
11 Association of State Highway and Transportation Officials
12 states that railroads are spending two billion dollars
13 annually in new capital investments. But that's study also
14 estimates that anywhere from 2.6 to four billion dollars in
15 new investments are needed to meet projected demand.

16 It is essential that we expand our nation's
17 infrastructure ahead of projected demand growth rather than
18 merely reacting to such growth after it develops. The
19 addition of transportation infrastructure requires
20 substantial lead time. Therefore, if we don't anticipate our
21 needs now, we will always be trying to catch up to that
22 demand. This will impose significant costs in the form of
23 lost economic growth and reduced competitiveness of American
24 business and global markets.

25 All aspects of transportation infrastructure

1 are interrelated. Although trucks handle 78 percent of the
2 nation's freight tons, those tons are mostly non-bulk tons
3 and short-haul bulk tons. Railroads, in fact, dominate the
4 transportation of bulk commodities with a 70 percent market
5 share. They also handle a sizeable 40 percent share of all
6 inner city ton miles. Due to the interdependent nature of
7 transportation, and the fact that certain segments dominate
8 the long-haul and short-haul routes, Cargill encourages
9 policymakers to recognize these market dynamics as they
10 consider national transportation policies for all modes.

11 The United States is at a critical juncture that will
12 determine whether it will reach its future infrastructure
13 goals. Historically, a mix of public and private funding has
14 led the investment to meet our infrastructure needs. There
15 is no doubt that these two sources will continue in the
16 future. However, the balance between public and private
17 funding, and the overall levels of investment will guide our
18 success in planning for, and developing, a competitive
19 transportation infrastructure.

20 Recently proposed federal legislation would
21 authorize investment tax credits as a means to promote
22 additional private investment, especially related to rail
23 transportation. We would encourage policymakers to ensure
24 that these credits truly add new capacity and are open to all
25 investors in transportation capacity-building projects.

1 The current environment also calls into
2 question the existing regulatory structure. In a report
3 issued last October, the GAO recommended that the Surface
4 Transportation Board study the state of competition in rail
5 markets. Cargill supports that recommendation as a first
6 step toward evaluating the effectiveness of our rail
7 regulatory policies and attracting new investments.

8 Inland waterways also provide a critical link
9 in this nation's transportation supply chain. Waterborne
10 commerce has historically played a critical transportation
11 role when serving export markets and, more recently, in
12 receiving products bound for interior U.S. destinations.

13 As we look to maintain and improve the waterway
14 system, we have strong concerns with the imposition of any
15 new user fees. While it may be appropriate for some level of
16 fee or tax collection, the current fuel tax has served us
17 well in generating income from those who use the inland water
18 system for transportation needs. Since the inception of the
19 fuel tax over 20 years ago, users of the system have
20 generated over 1.6 billion dollars for the Inland Waterways
21 Trust Fund.

22 The inland waterway system provides a
23 competitive advantage for America and conveys widespread
24 benefits. Any changes in fee collections should reinforce
25 the successful role played by the U.S. river system, and the

1 breadth of benefits it conveys across many segments of the
2 U.S. economy. In considering new user fees, we would
3 encourage policymakers to address the serious questions about
4 the consequences for up-river and down-river movements, and
5 concerns about the efficiencies of contracting and spending
6 the existing resources that should be thoroughly studied and
7 transparently answered.

8 The challenge for this commission is great.
9 The U.S. transportation system is enormous, it is complex,
10 and critical to the success for the overall economy. If fees
11 and taxes are set too high on a relative basis by mode, they
12 will cause market distortions as some segments are placed at
13 a competitive disadvantage against other modes or regions.
14 Conversely, inadequate revenue can starve critical
15 infrastructure investments and will leave us poorly
16 positioned for future growth. In addition, there is an
17 enormous responsibility to ensure that the public dollars
18 collected from taxpayers are efficiently spent on the
19 infrastructure investments for which they were intended.

20 We have voiced our support for new policies and
21 our concerns for other initiatives. Today's hearing
22 underlies another reality that is sorely needed -- improved
23 communication among all participants in the transportation
24 supply chain. Directionally, we have seen the first steps of
25 improved communication in our industry, such as the

1 First-Mile, Last-Mile project, which is a cooperative effort
2 by carriers and their customers to identify the major
3 bottlenecks and service issues at origins and destinations,
4 and to devise solutions to streamline the flow of traffic.

5 Our ability to compete in the global market and
6 to keep our economy growing will be influenced by the
7 decisions and actions that we make concerning transportation
8 infrastructure. Cargill stands ready to work with the
9 carriers and our government to help find long-term solutions
10 that will benefit us all.

11 Cargill appreciates the opportunity to express
12 its views before the commission this afternoon, and I look
13 forward to answering any questions that you may have.

14 Thank you very much.

15 COMMISSIONER SKANCKE: Thank you very much for
16 your testimony.

17 Aaron.

18 MR. JORGENSEN: Distinguished Commissioners,
19 thank you for allowing Medtronic to address this commission.

20 Medtronic is the global leader in medical
21 technology -- alleviating pain, restoring health, and
22 extending life for millions of people around the world.

23 Each year, Medtronic provides medical
24 professionals with products and therapies to help improve the
25 lives of nearly six million patients.

1 Founded in 1949, Medtronic serves physicians,
2 clinicians, and patients in more than a hundred and twenty
3 countries. Our company is headquartered in Minnesota and has
4 research, manufacturing, education, and sales facilities
5 around the world. Medtronic employs 38,000 people worldwide.

6 Within the realm of transportation, currently
7 Medtronic ships more than 2.5 million time-critical small
8 packages domestically here through express carriers; somewhat
9 differently than the peers that are here on the panel. We
10 are focused on developing solutions that will meet and exceed
11 our customers' expectation of delivery excellence. To meet
12 Medtronic's mission, our products, devices, and therapies
13 must be delivered on time, at the right place, to the right
14 person, and in the right condition. This does not always
15 mean that they have to be delivered the fastest way possible,
16 such as same-day or overnight delivery. The goal is to have
17 the products where and when they are needed.

18 We are in a new age now where volatility seems
19 commonplace in the transportation environment. We've
20 experienced strains in our logistics efficiencies attributed
21 to dramatic increases in fuel costs, global air, and surface
22 security actions, road and port congestion, and commercial
23 airline instability. To address these issues, we have
24 innovated a number of programs ourselves. We have coined our
25 transportation reformation "Lean Signal Logistics." Across

1 Medtronic, teams are being certified and are utilizing the
2 concepts of lean thinking for improved efficiencies, combined
3 with a reduction in variance, using Six Sigma.

4 To reduce transportation inefficiencies, we
5 have invested in more effective planning and efficient
6 planning. This has reduced the number of products shipped
7 via overnight services from 75 to 35 percent.

8 To plan more effectively, you have to
9 communicate more effectively. Medtronic has invested in a
10 multi-year project to standardize our ERP IT systems using
11 SAP software. With systems communicating more effectively,
12 we know what products need to be where in the world and by
13 when.

14 Our Medtronic strategic logistics partners have
15 played a central role in our transportation evolution. We
16 have 33 strategic partners in 15 logistical categories. At
17 Medtronic, our key logistics partners include such companies
18 as FedEx, UPS, Eagle Global Logistics and Expeditors. We
19 also have minority logistics partners such as Seminole
20 Logistics, and Anderson Cargo. We have set high expectations
21 for our strategic logistics partners. We perform detailed
22 quarterly business performance reviews, and exchange best
23 practices at our annual global conferences. Our main theme
24 has been "Partners working with Partners."

25 By synergizing transportation processes between

1 partners, we have designed solutions that have exceeded
2 customer expectation and created a high confidence in
3 delivery consistency. I want to use one partner as an
4 example. Federal Express is an excellent example of our
5 "Partnerships in Action" at Medtronic. FedEx has dedicated a
6 team of 15 professionals around the world to Medtronic.
7 FedEx stations and operation crews are housed in Medtronic
8 facilities, thus reducing travel and transport time.
9 FedEx and Medtronic have jointly designed a service called
10 "Priority Alert," and established the Medtronic Early Warning
11 System. FedEx professionals at their Global Operations
12 Center monitor all Medtronic logistics movement from flights
13 to trailers to ensure that the delivery will be made by the
14 committed date and time. FedEx and Medtronic designed and
15 developed the Mobile Professional program at the new FedEx
16 Kinko's operations across the world. Because of this
17 program, Medtronic field representatives can now redirect
18 shipments, prepare packages for shipments and, also,
19 electronically direct manuals and documents for print without
20 having to ship them.

21 We have also worked closely with the federal
22 government to ensure that the Medtronic satisfies all
23 security requirements. We are members of the C-TPAT program,
24 which stands for customs trade program against terrorism.
25 Medtronic's commitment to import and export compliance,

1 security, and DOT regulations keeps our shipments moving.

2 In the event of the need for life saving, time
3 critical shipments, Medtronic has joined forces with the
4 banking industry to utilize their late-night Lear jet network
5 to deliver checks and financial instruments across the U.S.
6 These Lear jets allow Medtronic products to move to the
7 doctor, where the product is most critically needed.

8 Medtronic is committed to an efficient supply
9 chain by positioning inventory as close to customers as
10 possible. The Medtronic logistics long-term strategy is to
11 utilize forward stocking locations and use third-party
12 logistics operations to store and deliver product where and
13 when it's needed. Through the supply chain, Medtronic
14 fulfills its mission to patients and customers through the
15 delivery of medical devices and therapies at the right time,
16 at the right place, and in the right condition.

17 Through the utilization of proactive measures,
18 as well as innovative solutions, we are preparing for our
19 growth and our future, and optimizing transportation, and
20 effectively delivering in an ever changing environment.

21 Thank you.

22 COMMISSIONER SKANCKE: Thank you for your
23 testimony, Aaron.

24 Doctor Adams.

25 DOCTOR ADAMS: Thank you, Commission members,

1 for allowing me to take part in important discussion.

2 I am director of the National Center for
3 Freight and Infrastructure Research and Education at the
4 University of Wisconsin-Madison, one of the ten national
5 university transportation centers. We've been working with
6 the states in the region on issues related to freight since
7 2000. Recently our efforts were formalized as the
8 Mississippi Valley Freight Coalition, as Lieutenant Governor
9 Molnau mentioned in her remarks. In this coalition, ten
10 states of this region agreed to cooperate to find ways of
11 improving the flow of freight. The coalition takes input
12 from a 30-member customer committee of shippers, carriers,
13 and third-party providers. The National Center serves as a
14 facilitator for, and partially funds, the efforts of the
15 coalition.

16 The coalition is very concerned with the
17 serious implications of congestion on our freeways and in
18 major rail corridors. As freight and passenger volumes
19 continue to grow, congestion will get worse, and performance
20 will deteriorate even further. It has become easy to see
21 that we do not have a single transportation system. What we
22 have are several systems that are not adequately integrated
23 across modes or jurisdictions. Good planning, innovative
24 engineering and lots of money will help, but if we desire to
25 maximize the utilization as a means to relieve congestion, we

1 must deal with the institutional issues that cause us to have
2 incongruent systems.

3 To many shippers and carriers making deliveries
4 to and from Minneapolis, the conditions of freeways in
5 Wisconsin and Illinois have a much greater impact than the
6 condition on freeways in the rest of Minnesota. At the
7 Detroit-Windsor border crossing, the congestion that occurs
8 in Michigan and Ontario impacts the economic competitiveness
9 of U.S. products and industries. The rail traffic and severe
10 congestion on class 1s in Chicago has a similar effect on
11 freight costs.

12 The actions of individual states and region
13 coalitions are not enough to solve the nation's freight
14 problems. We need strong leadership from the federal
15 government in the forms of strategies, tools, and revenue,
16 and we must make changes to our institutional arrangements.

17 Our nation's freight infrastructure has
18 multiple owners, and the number of owners will increase as
19 more public-private partnerships get established. The most
20 effective movement of freight depends upon coordination
21 across the modes and among the owners. Private companies
22 operating our freight transportation infrastructure must make
23 a profit to survive. At some point, we have to ask, "Is what
24 is best for the private infrastructure companies is
25 necessarily what's best for the nation?"

1 The next issue is allocation of costs and
2 responsibilities. "Are the costs and benefits for one state
3 equally shared across the region?" If the answer to this is
4 "No," we're faced with an issue of how to pay for something
5 located and operated in one state for the primary benefit of
6 other states. My message is to urge you to consider the need
7 to update our institutional arrangements. Some solutions to
8 consider are these:

9 First, we need to develop, articulate, and
10 agree upon a national vision of what we want our
11 transportation system to look like in the future. This
12 vision must address the role of highway travel, the
13 configuration of our future freeways, the role of rail, water
14 and air, and the connectivity between the modes.

15 Second, the federal government must develop
16 funding programs that actually implement the defined vision.
17 The need for federal funding is obvious, but the structure of
18 the funding is also very important. Dollars must be focused
19 on implementing the key elements of the national
20 transportation vision. They must also provide the states
21 with an incentive to implement that national vision.

22 Third, the U.S. DOT should assume a leadership
23 role in facilitating public partnerships among states. With
24 current institutions, it's difficult for states to contribute
25 to the cost of ownership and operation of facilities. The

1 U.S. DOT should examine the rules that govern federal funding
2 to find ways to overcome the real and perceived barriers to
3 true state partnerships for infrastructure development and
4 operations. If all the states contribute to the mortar,
5 brick and equipment, should they not have a method to jointly
6 own those facilities? We need this commission to recommend
7 clear guidance on public-private partnerships.

8 Fourth, the federal government needs to take a
9 stronger role working with organizations such as AASHTO in
10 developing standards for transportation technology. To be
11 effective, technology must be implemented over a wide region
12 so it must be interoperable and conceptually compatible over
13 the entire region.

14 Fifth, we need to keep the "public" in public-
15 private partnerships. You have heard much about
16 public-private partnerships. But as those partnerships are
17 developed, we must be assured that the long-term public
18 interests is maintained. Just as the state and federal
19 governments are going to have to learn to work with private
20 rail companies, they should consider how they want to work
21 with public road companies. Finally, when tolls are
22 implemented, we must recognize that they are rarely part of a
23 true free-market transaction. We need some standards to
24 ensure maximum mobility and that user groups pay an equitable
25 share. The other aspect of tolling that requires federal

1 attention is the technology of toll collection. The federal
2 government can standardize collection methods so that a
3 transponder used in one state will work across the nation.

4 Thank you for offering me this opportunity to
5 contribute.

6 COMMISSIONER SKANCKE: Thank you very much.

7 We will start the questioning with Commissioner
8 Odland, and work our way down the table this direction, and,
9 then, come back here, and, then, we'll just make the second
10 round.

11 Commissioner Odland, please.

12 COMMISSIONER ODLAND: Thank you. You know,
13 this is a real important panel. Because if you think about
14 the economy, it runs on freight. And movement of freight is
15 key to the growth of that economy. And I think that if you
16 think over the past 50 years, one of the things that has
17 contributed greatly to our economic situation in the world
18 has been the infrastructure system created by the Clay
19 Commission. So we are taking freight very seriously in our
20 role here in terms of the next recommendation to Congress.
21 So with that, you know, there's a series of questions that
22 come to mind. You've all been very articulate about the need
23 for increased speed and, you know, the role of the
24 infrastructures in freight movement. But thinking about the
25 problems in the system today, if -- what I'd like to do is

1 just go down the line. We can go right to left. But if you
2 could change one thing about the system -- any one thing --
3 and what I'm trying to get to here is what are the
4 priorities; right? So if you could change one thing, what
5 would it be?

6 Teresa, do you want to start. And we'll move
7 right to left.

8 DOCTOR ADAMS: I think one thing that we really
9 need to change is we need to get the private sector to the
10 table. We have a wonderful infrastructure in this country.
11 We've been able to enjoy a lot of competitive advantage
12 through our history as a result of that. I think that we
13 need to coordinate it, we need to use it wisely, such that
14 we're not allowing reaction on one mode as a result of some
15 change on another mode.

16 MR. JORGENSEN: From our perspective, I think
17 that the partnership concept that we've been working on at
18 Medtronic is an important one. And I think that, you know,
19 the commission listening and the government listening to the
20 small-package carriers and the other freight companies, and
21 hearing what they have to say I think is an important message
22 that comes to the table. We've had the luxury and the
23 opportunity to have a voice, and to communicating to those
24 companies. And I think our message is moving through that
25 network. As you can see, our products are very time

1 critical. And all of our lives, you know, are pretty much
2 based on making certain that these products are available for
3 us or our families. The key there is just making certain
4 that, as we have the opportunity to continue moving up the
5 food chain here, that we're listened to, and our partners
6 will listen to us on a government level.

7 COMMISSIONER ODLAND: So what would you change?

8 MR. JORGENSEN: From my perspective, I guess
9 the amount of message that's being heard on a government
10 level.

11 COMMISSIONER ODLAND: What aren't we hearing?

12 MR. JORGENSEN: Well, I guess the thing that
13 comes to mind is the various things that are happening,
14 especially -- I'll use one example -- is -- for example, is
15 security. There's been a whole number of things that have
16 come to pass, as of -- just this last month, where we had the
17 Transportation Security Administration administer some rules
18 that were just communicated to the carriers instead of to the
19 companies. As a result, you know, personal identification,
20 and so forth, was being requested. And that information we
21 put onto forms, and so forth, that would be put -- it would
22 have to be held into the carriers or partners hands. On a
23 communication level, that came through to be able to discuss
24 that with the partners or the logistics providers and, then,
25 to us, was sketchy, at best. So I guess that's a pretty good

1 example of, you know, effectively communicating all the way
2 through the process. We want to be as much of a partner with
3 the government regarding the security as you want us to be.
4 And I think effectively communicating those processes to us
5 will make a big difference.

6 MR. SIMS: Let me try and address this by mode.
7 But let me start with making the comment about education. I
8 had an opportunity to serve on a commission that -- or -- a
9 group that Secretary Manetta pulled together many years ago.
10 We identified what we thought the bottlenecks were, we
11 identified what we thought some of the solutions to the
12 problem could be. And here we are today talking about those
13 very same problems. And they really aren't new problems.
14 And, so, I think there's either an issue here on educating
15 the public, as well as the policymakers, about the severity
16 of the need. Because we don't seem to have a response or we
17 don't seem to be getting a very timely response to a lot of
18 these issues that are raised. So I would raise that as just
19 one kind of general issue.

20 In the case of rail, I think one of the things
21 we lack in rail is the level of competition required for
22 railroads to be more innovative, and to demonstrate a sense
23 of urgency in the type of investments that are required.
24 Now, having said that, I will also tell you that railroads,
25 on the one hand, have the obligation of being a common

1 carrier. They also have an obligation to their stockholders,
2 on the other hand, as well. And I'm not certain that those
3 two policies or issues, if you will, are necessarily
4 conducive to each other. But I think one way we can address
5 it, if we had a more open access, competitive environment, I
6 think we would see dollars spent more readily to remain
7 competitive and ahead of their competition.

8 In the case of barges, I think it's really just
9 an issue of spending the money. We've had dollars sitting in
10 the Trust Fund for many years now, but, for some reason, we
11 haven't been able to act on the infrastructure and the
12 locking system that we have in place. There are a lot of
13 things that we could do to create far more efficient moves
14 along the river system, simply by updating and extending our
15 lock system.

16 The mode of carrier, it gets a little bit more
17 difficult, in my mind, in terms of asking, "Okay. What
18 should we do differently?" And I think maybe the whole issue
19 around technology is one of those things that we can address
20 that will likely allow us to run a more efficient and
21 environmentally sound highway system.

22 MR. COATS: I believe one of the most pressing
23 issues is the congestion as you approach the outer belts of
24 our major metropolitan areas. We've all experienced, even as
25 commuters, the rush hour expanding into the rush day, you

1 know, where it really never lets up. As you look at trends,
2 and project this into the future, I think that, you know, we
3 have a critical need to get our product where the population
4 is. The population just so happens to be in those large
5 cities. So I think the primary priority should be to really
6 look at those urban areas, where the bottlenecks are the
7 worse, and try to explore solutions in order to fix those
8 bottlenecks. From a response standpoint, I think to do that,
9 we need to more aggressively target funds collected from
10 these to that infrastructure improvement and expansion.

11 COMMISSIONER ODLAND: Again, it's interesting,
12 you provided, you know, a statistic that I don't know if
13 everybody else shares, which is, you know, a one mile an hour
14 slowdown costs just your company two million dollars a year.
15 And I would presume if it was sped up, if it would speed up
16 by one mile an hour, you would make that much more, which you
17 could then, hopefully, pass on and add to in value. But if
18 you'd add that up across all the companies just in the room
19 it would be a significant amount. So there is a common good
20 to adding to capacity or adding means to speed up freight.

21 MR. COATS: Yes, absolutely.

22 MR. GABRIELSON: A couple of points. I would
23 agree with Mr. Sims, who is seated to my left. I think one
24 of the more fundamental problems that we have is a real lack
25 of education and awareness. Many of the leaders within our

1 country, and many of the leaders that we have in Washington,
2 don't understand the impending crisis that I think we have
3 with our infrastructure -- ports, roads, and all the
4 connectors, and how important those connectors are. You
5 can't just improve productivity, for example, within our
6 nation's ports and not address the rest of the connectors.
7 It has to be fluid.

8 And there's a real lack of understanding.
9 There's an old saying that says: "Freight doesn't vote."
10 And it's real true. And they have a real problem just trying
11 to get that education out there. And once you do that, you
12 begin to understand how severe that looming problem is. And,
13 then, once you've got that done, yes, I'd love to see a real,
14 true national freight policy, once people understand the
15 issues we have.

16 Many would tell you that not a great deal of
17 infrastructure has been built in our country since the
18 Eisenhower administration -- and I think that's true. I
19 mean, we have specific projects here and there but nothing
20 major. Once you've done that, you do need to involve all the
21 stakeholders. Oftentimes, shippers are one of the last
22 groups of people to be asked. We go off and create a
23 project, haven't talked to the real users, the shippers of
24 the program, to understand fundamentally where their business
25 is going -- and I think that's critical. But you have to

1 involve all stakeholders and, then, create funding mechanisms
2 that are very specific to those corridors. It's not a
3 one-size-fits-all program. And I do think that we have major
4 corridors or major regions in the country. I think you can
5 take the country and break it into five major groups and,
6 from there, take a look at those projects that are really
7 germane to that area. It's got to start there.

8 MR. LAIR: We have manufacturing plants all
9 around the world. We can still today move products from our
10 plants here in the U.S. to Asia many times faster than they
11 can move it out of the manufacturing site in Asia to a local
12 market. That's a tremendous advantage that we have here in
13 this country and I don't think everybody can fully understand
14 that. But there are plans in place in many of these
15 countries to address their infrastructure issues, and they
16 are spending money at a rate much faster than we are, to
17 catch up. We need to keep our distribution system, our
18 freight-movement system absolutely the best in the world
19 because it gives us the biggest advantage that we have. And
20 to me, the biggest problem we have is the funding mechanism
21 going forward. And I think what you're doing is the right
22 thing, hearing what needs to be done, talking about it in the
23 public, getting the public aware that things are going to
24 change, getting the government officials to talk about it,
25 and addressing this thing head-on so that the people are

1 educated, industry is involved with this, and everyone gets
2 on the same boat here. Because that's our number one
3 advantage worldwide is this ability to move quickly with what
4 we do. So I would just hate to see that not addressed. And
5 I think that you're doing a great job with this elected
6 commission.

7 COMMISSIONER SKANCKE: Commissioner Geddes.

8 COMMISSIONER GEDDES: Thanks, Commissioner
9 Skancke. And thank you all for these presentations that
10 you've done here, it's been very informative and valuable.
11 There's a general point that I want to make in regard to all
12 of the panelists that made presentations that just occurred.
13 And if you think about sort of the structure of what's been
14 discussed today, all of our morning presentations focused
15 entirely on the supply side of surface transportation. It
16 was all about "How are we going to fund more supply?" The
17 word "customer" was not brought up until 2:15 this afternoon
18 by Commissioner McLaughlin. I made a note of it. Because
19 there's never any -- the whole structure -- or -- the
20 paradigm of thinking about surface transportation, ever since
21 Eisenhower, has been about how are we going to fund the
22 supply of the system. And part of my vision for changing the
23 paradigm of thinking -- and I think we all agree that we need
24 to change our thinking about the system -- is to make the
25 future system customer or consumer oriented. And I think you

1 guys are key to -- I mean maybe you disagree with me. I hope
2 not. But you guys are key to moving in the direction of that
3 type of vision for our system. I mean what is the system
4 doing? It's providing a service. Who is it providing a
5 service for? For customers, for consumers. I detest the
6 term "users." I'd prefer that we just get away -- those
7 pesky users out there, you know, wearing down the system.
8 That's precisely who the system is supposed to serve. So I
9 think that this panel has been great, and I hope that you
10 guys continue to speak widely about this to try to move the
11 whole focus of the discussion toward the needs of the
12 customer or the consumer, and make it more, in economic
13 terms, demand-side oriented rather than just funding supply,
14 which I think leads to misallocation -- massive misallocation
15 of the resources that we do have for surface transportation
16 -- which we all agree are scarce. "They're not being
17 allocated to the right place." Well, where's the right
18 place? It's where the demand by the consumer is the highest;
19 right? And you guys are key to manage that. So just thank
20 you for your efforts in this area. But I do want to be a
21 little bit more specific.

22 Professor Adams, I particularly enjoyed your
23 presentation and found it very valuable. And I just want to
24 quote from part of your written testimony on your
25 Recommendation Number 6, which was keeping the public in the

1 public-private partnerships issue. And you said that ..."we
2 must be assured that the long-term public interest is
3 maintained. If a private company controls a key link in a
4 freeway network, how can the public be assured that the
5 vision of continuity and connectivity of the total system
6 will be implemented? With some safeguards, the growth of
7 private facilities could further fracture the decision and
8 responsibility processes." You go on with that.

9 The way I think about this is what other
10 experience does the United States have in similar industries
11 that are like this, where we face similar connectivity and
12 continuity problems. The one that comes up in my mind --
13 there's a number of them, but the one that comes up in my
14 mind is the electric utility business. Now, the vast
15 majority of electric power and the transmission lines and the
16 distribution lines in this country are generated by best-run
17 utilities. They are privately-owned companies, regulated
18 mostly at the state level, as you may know, to some extent at
19 the federal level. And I'm just wondering if you've thought
20 about that, and if there's anything unique -- that you
21 believe is unique about surface transportation. I mean,
22 connectivity issues are enormous in the electric -- the
23 electric system must be connected. There are key links in
24 the electric system. It must be continuous or the system
25 doesn't work. So we have those same issues that come up --

1 that have worked for decades very smoothly, in general, in
2 this country. And I'm just wondering if there's any reason
3 why you think I shouldn't take the analogies from another
4 network industry like that in the United States and draw
5 conclusions about surface transportation. Is there anything
6 fundamentally different about the surface transportation
7 network? I'm sorry, I may be throwing you a little bit of a
8 loop, but that's just something I've been thinking about.
9 And you've been thinking about these issues for a while too.

10 DOCTOR ADAMS: Commissioner Geddes, I think
11 that's a wonderful analysis, and it certainly does pique my
12 interest in thinking, and will go back and think about that.
13 And maybe that is a model to think about. I think it's
14 exactly the type of model that I'm trying to communicate,
15 that we do need to look at the continuity and the
16 interconnectedness so that we are providing service, and
17 we're providing service at some standard levels of
18 performance that's expected across the various modes and
19 across the various jurisdictions. And, so, again, I think
20 that's probably a wonderful model to look at. And maybe it's
21 time. In the past, when we built our interstate system, and
22 the way we set it up, particularly with jurisdictions, it was
23 really in a time when distance was the biggest barrier, and
24 cutting it out for the states made sense at the time. And
25 now that distance is not the issue anymore -- and, in fact,

1 in some sense it's not distance that makes us further apart,
2 it's congestion that makes us further apart. That we need to
3 start looking at how we can close up the Swiss cheese that my
4 colleague has presented. So, again, I think it's a wonderful
5 analogy. And I certainly will take it home and think it
6 through. And if I can come up with any handicaps on that,
7 I'll certainly let you know.

8 COMMISSIONER GEDDES: Thanks. I look forward
9 to your thoughts on that. And don't limit it to electricity.
10 There's plenty of others. I'll stop right there.

11 COMMISSIONER SKANCKE: I think that whole Swiss
12 cheese thing stinks.

13 Commissioner Quinn.

14 COMMISSIONER QUINN: I would again like to
15 thank all the panelists for their presentations, it was very
16 helpful information, and I think it, you know, helps just --
17 continuing to find the gravity of the situation that we're
18 facing, and the decisions that we as a commission have to
19 face and come up with.

20 Larry, one of the things that you said that
21 struck me -- you know, like the innovation, and things, that
22 you've done -- but you talked about the government
23 regulations impeding that. If you could draft a government
24 regulation, what would you like it to look like? What are
25 the impeding problems that we're faced with today that

1 perhaps we could help to streamline or eliminate?

2 MR. LAIR: In the government regulation there
3 actually is a way to get innovation through there, it's
4 called through a public-interest finding. It's one of the
5 four ways possible. It's really the only way that's
6 practical to get a proprietary product in use with federal
7 funding on highways, et cetera. What I would suggest that
8 the change would be is if a state has made a determination
9 that they have a specification for the performance of a
10 product that is not met by any product out there today --
11 that's not proprietary, not a patented product -- that they
12 go ahead and put their findings together, disclose it to the
13 public so that everybody can see what's going on, submit it
14 to FHWA and they can review it to make sure that it makes
15 sense from a factual standpoint. But, then, in general,
16 accept it from that point. Right now what happens is there's
17 a tug of war that goes on as to "Is this something that you
18 really need?" I think it really stems from back in the '70s,
19 when there weren't as many sophisticated test labs as there
20 are today in all 50 states, that they couldn't test the
21 products and determine that themselves. I think we've moved
22 on. It's a time for change. I think that would be really
23 all that's needed. And there also needs to be a change at
24 FHWA, that the immune system in the bureaucracy doesn't treat
25 patented products like they're a virus. That's just hard for

1 me to describe, but that's really what goes on today.

2 COMMISSIONER SKANCKE: Commissioner Cino.

3 COMMISSIONER CINO: You know, I don't want to
4 duplicate what Commissioner Odland talked about -- or -- the
5 questions he asked. But let me see if I might maybe ask a
6 little bit of a variation and see whoever wants to jump in.

7 You all represent significant companies in this
8 country and, in my mind, are really a kind of backbone of
9 this economy, and recognizing what you and how you do it, and
10 keep the economy going is certainly a lot through freight and
11 the problems we have. As we have looked at this over the
12 last -- now almost a year -- freight always keeps coming up.
13 And as we have been all over the country -- this is our
14 eighth hearing -- we hear, you know, a port in Long Beach not
15 looking for any new business -- it's reached capacity. But,
16 yet, we talk about what might be coming in from Asia or over
17 the next five, ten to 15 years, and you start thinking,
18 "Okay. Where is it going?" And you talk to the rail
19 industry and, yes, more money would help, but how realistic
20 is it to add additional tracks. And, then, you start
21 thinking, "Okay. Where do you go?" And, then, you talk to
22 the trucking industry and they're having trouble replacing
23 aging drivers, and, then, there's the congestion -- which
24 some of you alluded to -- around some of our major cities, to
25 get around that. I guess -- the reason I go through that --

1 the question I have -- and, obviously, you are our last panel
2 of our last hearing. The question that we have before us is
3 making recommendations to the Congress as to how to proceed
4 with regards to the Highway Trust Fund. If you were sitting
5 where we are, what would be a bold -- and you've all made
6 recommendations -- but is there maybe one that you haven't
7 put on paper or maybe that you haven't even uttered? But
8 what would be a bold recommendation that you would urge us to
9 make to the Congress?

10 MR. COATS: Well, Commissioner, I think one
11 thing that we need to consider is that many of the solutions
12 presented today focused on technology or focused on our
13 solutions of how we better maybe ration today's
14 transportation capacity. But I think those solutions so
15 critically important for our economy over the next five years
16 really do not address the situation that faces us over the
17 next 30 years. And, so, I think the bold recommendation I
18 would have for the Congress to consider is to -- if we are
19 going to, say, double our transportation usage in the next,
20 you know, "X" number of years, how could we do that? What
21 would be required to do that infrastructure-wise without
22 slowing it down? Because if we slow our transportation down
23 -- the fundamental, you know, backbone of our economy is
24 interstate commerce. And if we just depend on either
25 rationing solutions or technology solutions to utilize our

1 existing capacity, soon or later -- and it will be sooner
2 rather than later -- we will see our economic growth
3 constrained by the physical lack of that capacity. So I
4 think this fundamentally is about capacity, I think it is
5 about supply of infrastructure. And I think that we need to
6 take on a priority as bold as what the Eisenhower
7 administration looked at, to look forward 30 years and say,
8 "How can we handle double the freight at the same kind of
9 speeds or higher that we're moving today?"

10 MR. SIMS: I'd like to take a stab at that as
11 well, if I could. I think maybe one of the issues that we
12 face today is that I think maybe we are looking too hard for
13 this bold, innovative process, technology to come into place.
14 I kind of take it down to the raw, basic, fundamental issues
15 that we face today -- and it truly is an infrastructure
16 issue. There's all sorts of technology today that will allow
17 trucking companies to increase velocity, maximize backhaul,
18 and take advantage of all of those things. There's an
19 incentive there called "profit." I think a lot of those
20 things are being done today, but at the rate we're growing,
21 we plain and simply do not have an infrastructure today
22 capable of accommodating that which wants to move.

23 Railroads have begun to add second tracks, and
24 I think ten years from now they're going to be talking about
25 adding third tracks, because of the growth that we're having.

1 There was a very good article in the Financial
2 Times about two weeks ago that focused on the container
3 business in China, and what that article brought out was that
4 China today is planning for 30 years from now. They're
5 already beginning to put a physical infrastructure in place
6 to accommodate what they think the growth will be 30 years
7 from now. Our problem is that we have these interdependent
8 pieces working individually within their own domain and we
9 don't have an overarching transportation policy that says "If
10 we do this in a related manner, these are the things that we
11 need to do." There are certain lanes where we have to add
12 additional highways. There's certain ports now -- you know,
13 we're congested in California, but guess what, people are
14 starting to add capacity to the Pacific Northwest, they're
15 starting to build an infrastructure on the Atlantic, in
16 Baltimore and Norfolk, to accommodate unloading containers.
17 But we can't do that on a highway system. The highway system
18 is what it is. And, so, unless we can build a different
19 infrastructure around that and/or guide those goods to
20 another mode -- you know, barges are the most efficient,
21 cost efficient, environmentally sound way for moving bulk
22 commodities. Maybe we need to take a look at a policy that
23 would incent people to begin to try and move those goods more
24 toward the river as opposed to the highway.

25 But I don't think there's a magic bullet.

1 There's an infrastructure problem that we have to deal with.
2 And I'll tell you, all of us sitting at this table, 18 months
3 ago we almost hit a wall, but thank God we had a slowdown in
4 the economy, you started seeing interest rates rise, and we
5 started to see things slow a little bit. But we were very
6 close to the system imploding on us.

7 And you talk about customers, Commissioner,
8 every morning I get up and my goal is to make certain that my
9 customer is serviced on time with the product I promised that
10 customer. That's what I wake up thinking about every day.
11 And I go back and try and determine the best mode, means for
12 delivering that. So the fact that maybe we didn't mention
13 customers explicitly, you know, please understand that I
14 think almost every one of us at this table, we get up every
15 day and our foremost thought is "How do we make certain our
16 customers get what we promised them?"

17 MR. JORGENSEN: Commissioner, I'd like to take
18 a crack at this, too, if I could. In terms of a bold
19 recommendation, maybe I'd kind of phrase it a little
20 differently -- a bold suggestion. We really went through a
21 real situation at 9/11. It was a wakeup call. The air
22 infrastructure went down, and everything fell to the ground
23 network. We had critical products -- our defibrillators had
24 to get to Ground Zero. We had to have military escort to be
25 able to get it there via the airplane. What I'm saying here

1 is that, you know, contingency has to be a component of what
2 Congress and everybody takes a look at here. If we are
3 using, you know, the networks of a UPS and a Federal Express,
4 a hub and spoke-type system, and something happens to that
5 and everything goes down, we're going to be totally dependent
6 on alternate means to be able to get our products where
7 they're supposed to go. We're lucky in a way that we have
8 inventory close to the hospitals, and so forth; but that's
9 only a couple of weeks. So what happens at that point, you
10 know? We're all going to need these products, and they have
11 to be there. There's no alternative to it. So I guess my
12 recommendation -- or -- my statement is please consider
13 contingency. We have to do it all the time. I'll make one
14 other point. With the airlines, you know, we were holding
15 our breath on the airlines, in a lot of cases. What's going
16 to happen there? We're looking at ways to be able to move
17 our products overseas to international destinations and the
18 only other way we can do that is through the private fleets;
19 for example, the FedExes and the UPSes of the world that have
20 the capacity to be able to move it that way. So we're
21 looking at contingency and we'd sure like you to do it as
22 well. Thank you.

23 MR. GABRIELSON: I would offer just a couple of
24 comments. Not to repeat what everybody else has said, but it
25 is clearly a capacity issue. The freight's going to continue

1 to come, sourcing will continue to take place overseas. That
2 is not going to change. And with that, I think the bold move
3 or the piece that we maybe need to take a look at has been
4 said a couple times and that is we haven't done a very good
5 job of taking a look at projecting what our needs are going
6 to be ten years from now, 15, 20, 30 years from now and begin
7 to build projects toward that goal. We oftentimes have a
8 tendency to take a look at it from a very short,
9 near-term perspective and that's simply not good enough.
10 And, yes, a lot of the major countries that are experiencing
11 phenomenal growth overseas are doing that. And it's not just
12 China. You're seeing the same thing begin to take place in
13 India, the same thing begin to take place in Vietnam. And,
14 yes, their governments are struggling with some of the
15 similar kinds of things that we are, but they are moving
16 toward very rapidly, because they also recognize that their
17 economies hinge on being able to have good, solid
18 infrastructure.

19 A couple of comments. You talk about barge
20 traffic. There's a lot of buzz about short-sea shipping.
21 And it seems to be the silver bullet. It's not. It's meant
22 for certain types of cargo. And there may be cargo that's
23 not as time sensitive, but you have to deal with the Jones
24 Act, and all the things that go along with it, and make it
25 useable for folks and, yet, still protect the economies and

1 why we have parts of that Act in place.

2 I would also say that we need to take a look at
3 trying to come up with those plans sooner rather than later.
4 There's a reason why shippers are beginning to embrace
5 concepts -- like Prince Rupert in Canada or Lozano Cardenas
6 in Mexico -- as potential gateways coming from Asia, it's
7 because there's a lack of confidence in the infrastructure
8 that we have in our country. And that shouldn't take place.
9 The shippers will begin to take a look at finding alternate
10 gateways in order to not disappoint their customers. Because
11 we don't have the luxury of adding time into our supply
12 chains. All of us measure the things that you were talking
13 about. Unfortunately, there's no way to really collectively
14 pull all of that together to determine what the impact is on
15 a national basis. You can throw darts at it as best you can,
16 but there's really no way to get your arms around it. But
17 every individual organization does look at that. But when
18 you take a look at what's taking place outside of our
19 borders, that should be a real good indication for why we
20 need to come up with a good, comprehensive national freight
21 policy. Thanks.

22 COMMISSIONER SKANCKE: I have just a couple of
23 questions for you, and, then, we'll make a second round, if
24 we have time.

25 Someone made the comment earlier that freight

1 doesn't vote. Neither do bales of hay or cans of corn; but
2 the first time one of those things don't show up on the
3 customer's or the consumer's doorstep is when the American
4 public and the elected officials will make a difference. So
5 you all are doing an outstanding jobs of making that delivery
6 to the customers and making it happen. I don't know how you
7 do it, I don't know how you plan for that. I think if
8 Congress knew how you plan for that, and made those things
9 happen -- it goes back to the educational point of that.

10 But my question is -- based upon that, and
11 someone saying that China is looking out 30 years, why can't
12 we do that? What is the barrier for this country -- we're
13 looking out 50 years. But what's keeping us from getting out
14 30 years? From your points of view, dealing in this industry
15 and dealing with -- you know, my colleague here does, you
16 know, just-in-time delivery. It sounds as though that
17 General Mills is doing just-in-time as well, because grocery
18 stores don't have the backstock they used to have. Or want.

19 So to go to Commissioner Cino's question, which
20 is what would you do? You know, if you were sitting here --
21 really. I mean why can't we get out there 30 years? What's
22 the barrier to the entry of that market of getting out there
23 30 years?

24 MR. GABRIELSON: I think we can. Part of it
25 starts with this commission and other groups, really starting

1 in the Administration, it starts within the President, and
2 its starts within the leaders of Congress. And I think this
3 body, along with Secretary Peters, have the opportunity to
4 begin to do that. But that has to take place. It also
5 really means, candidly, that we have to look in the mirror,
6 and it means that shippers have to be much more assertive in
7 getting to our congressional leaders, getting to our leaders
8 in Washington, and the leaders of our organizations have to
9 take an active role in that.

10 DOCTOR ADAMS: I'd like to add to that. I
11 think it's going to require some really tough choices, and to
12 address some policy issues. I think what we really need to
13 do is to define a freight network. We have an interstate
14 network, we have a roadway network. We need to look at a
15 freight network and, really, how we are delivering freight
16 across the country and see that as an important component of
17 the economic survival and the economic competitiveness of our
18 nation in a global economy.

19 Someone mentioned the inland waterways and the
20 short-sea shipping and the Jones Act. I think, again, it's
21 going to take some political will and some hard looks at some
22 of the policies that we have in order to take advantage of
23 what we have in this country. And I think where we're slowed
24 down is -- like it's been said, "Look in the mirror at our
25 own policies and our own ways of working."

1 MR. COATS: I think one of our real challenges
2 -- someone once said that "Where you stand on an issue
3 depends on where you stand." And those of us from different
4 places in the economy or different interests will always have
5 slightly different views about how a situation might be
6 addressed. I think what's most important is to begin with
7 the facts and not begin with opinions. And just to give a
8 small example, the fall time of the year is the busiest time
9 for the grocery markets, especially for, you know, the
10 General Mills-type business. And as we came into the fall
11 during this period that was spoke about, 18 months ago, when
12 capacity was critically tight, a year in advance an
13 interdisciplinary group got together and said, "Week by week
14 by week, what do we think the facts are going to be relative
15 to the use of the infrastructure that's available?" And the
16 facts pointed to change that was needed. Now, that's a very
17 tactical, shortsighted example. But I think what we need to
18 do at a national level is to begin with those undisputable
19 facts. I mean the trends, in terms of where we're going, in
20 terms of usage, are fairly clear -- and well-documented on
21 your Web site, I would add. So I think we need to begin with
22 those facts, and really join arms across our various,
23 different, special interests, and recognize that the country
24 faces an issue that, you know, really could undermine our
25 competitiveness as a nation and our growth prospects for our

1 children. Thank you.

2 COMMISSIONER SKANCKE: Aaron.

3 MR. JORGENSEN: Well, you know, it's an
4 excellent question. I think one of the points that kind of
5 should be brought out it's not a visible burning platform.
6 You know, this is something that I gave in our testimony from
7 Medtronic. We're engaging our 38,000 employees to come up
8 with innovations to be able to make this work. So I think
9 that -- a previous panelist that you had said, you know,
10 you're lowering the water, not raising the bridge. Well,
11 that's what we're trying to do. We're trying to innovate and
12 trying to design and create solutions to be able to ensure
13 that our products get where they're supposed to go, working
14 with our partners, and doing all these kinds of things. But,
15 quite actually, you know, there is, as everything has been
16 said here today, a burning platform that's not highly visible
17 to a lot of folks. I mean, regular consumers are seeing
18 everything is stocked on the shelves, everything is there
19 when they need it. If you go into a surgical procedure, that
20 pacemaker is sitting, you know, with the physician, all the
21 things are there. There's not that burning platform at this
22 moment in time.

23 COMMISSIONER SKANCKE: Thank you.

24 MR. SIMS: Could I add just one comment to
25 that?

1 COMMISSIONER SKANCKE: Sure.

2 MR. SIMS: My biggest fear is that we're going
3 to have to have a crisis before we're going to begin to
4 respond to the problem we have today. And I think part of
5 the problem -- and I think someone may have alluded to this
6 -- is I think that, for the most part, the end customer, on
7 the one hand, and the primary supplier of those goods, on the
8 other hand, don't really see the problem. The person in the
9 middle who has the responsibility for logisticating that move
10 are the people who face these problems every day. And, so,
11 as long as the customer is finally getting that garment
12 delivered to them, they sense that, for the most part, the
13 system is okay; and as long as that person who's making that
14 garment has somebody to pick it up when it's made, they think
15 that the process is moving as it should. And, so, I --
16 again, my fear, though, is that until it begins to implode in
17 the middle -- and, then, we start talking about quick fixes
18 -- my concern is that nothing is going to be done.

19 You ask about bold. I think the bold thing
20 would be if we could get the Secretary -- and it's
21 unfortunate that she wasn't able to stay with us -- but I
22 think if we could help her to better understand the severity
23 of this problem, when and if it does implode, maybe we could
24 convince that department to take a bold move and just insist
25 that some things be done.

1 COMMISSIONER QUINN: I feel like now I'm a
2 witness, because I'm going to verify what these people were
3 saying, as a trucker, because 18 months ago, the system did
4 almost collapse. Somehow everything got delivered. But
5 we're just that close for that happening again. It would
6 take a very small pickup in the economy, particularly in the
7 fourth quarter, peak retail season and grocery season, to
8 have that happen. We were definitely behind, we definitely
9 struggled. And when I say "we," I'm thinking about my
10 company. But I know all of my competitors were in the same
11 boat that we were in. And at the point that the product's
12 not on the shelf and you can't make the sale, or the consumer
13 can't purchase it because it's not on the shelf, then it will
14 get the attention that it has to have. But I think the role
15 that we all have to take -- and I think -- the commission can
16 give the vision -- but, then, we as users -- and if it's just
17 me and my friend Matt Rose from the railroad talking about
18 this that, quite frankly, isn't going to get it done, because
19 that's perceived to be self-serving. It's going to be you
20 and your suppliers and your customers that really have to get
21 behind whatever we come up with and make it happen, whether
22 it's through the chamber of commerce or other business
23 organizations. But you have to get that message to your
24 users, both your suppliers and your consumers, quite frankly,
25 to get the Congressional push. Because freight can

1 ultimately vote but only if it's aware of what the needs
2 really are. Thank you.

3 COMMISSIONER STANCKE:

4 Rick.

5 MR. GABRIELSON: Yeah. And I think there's a
6 good example -- and you talked about, unfortunately, there
7 may have to be a crisis for people to understand what will
8 take place. And probably the best example I can give you is
9 if you think back to 2002, when we had some issues on the
10 West Coast and -- there were some labor disputes. And the
11 bottom line is we had a lot of vessels that were stacked up
12 and the impact that it had not just at the ports, but it was
13 felt all the way through the interior of our country, in
14 terms of moving ag., products, all kinds of things.

15 Think of 2010, 2011. If all the numbers are
16 right that people are talking about, in terms of demand
17 versus capacity are true, or even close to being true,
18 multiply that -- not just on the West Coast but at all the
19 major gateways in our country -- and I hope that it doesn't
20 have to take that for people to understand we've got a big
21 issue -- because by then it's too later. I have one more
22 question, but I would like you all to -- I'm not going to ask
23 you to answer it right now, but -- oh.

24 Larry, go ahead, I'm sorry.

25 MR. LAIR: Thank you. Your question originally

1 was about looking out 30 years, what prevents us from making
2 those plans and getting it done. When you look back at what
3 was done in the Eisenhower administration, we didn't
4 completely understand what the interstate system was going to
5 do. We built it for one reason and used it for another,
6 actually. But we knew what we needed, what the
7 infrastructure was, the base rules to run by. We know that
8 today and we're not getting it done and that's your vehicle
9 infrastructure initiative. You've got to get your protocols
10 all in place, you have to know how you're going to digitize
11 the motorway, et cetera. Because if you do build additional
12 infrastructure -- which we all know we need -- you still have
13 to move it securely, you have to be able to keep track of it.
14 And the systems that we have today aren't adequate, so you're
15 going to have to build that structure, that platform, and the
16 federal government, I think, has to really get behind it,
17 push it, set the rules for everybody, and I think you'll see
18 things take off pretty quickly then.

19 COMMISSIONER SKANCKE: We've got -- oh. Aaron,
20 we'll give you one more time.

21 MR. JORGENSEN: I just wanted to make one
22 further point, just finishing up this discussion on this
23 area. I think also we should consider the fact that when a
24 company like Medtronic wants to make certain that the product
25 is in the field, we're putting in place the inventory out

1 there, and we have a two-week supply, there's a big cost to
2 that. So quite literally, you know, in the end, it ripples
3 through the economy when we're having that kind of
4 infrastructure in place to ensure that the products are going
5 to be where they need to be, when they need to be there.
6 And, you know, yes, the infrastructure works right now, but
7 contingency options, if something goes down, we need to make
8 certain that the product is there and we're going to have it.
9 We're not going to fail our customers. We are not going to
10 do that.

11 COMMISSIONER SKANCKE: We are at five o'clock.
12 I want to ask all of you to help me with this, because you've
13 all mentioned it, we've heard it in L.A., we've heard it in
14 every city across the country at every hearing. A freight
15 policy, a goods-moving policy is what you've all basically
16 said to us today in one way, shape or form -- in fact, Rick
17 said it in his testimony and, Teresa, you just said it as
18 well. I would like to know what you all think that looks
19 like and how you think that works, because that's a critical
20 element. I don't need it today. You can e-mail it to me or
21 e-mail it to Susan. By the way, Susan Binder is our
22 executive director of the commission. She does an
23 outstanding job. She gets us all in the right place at the
24 right time. We've had lots of discussions about this at the
25 commission, and we've heard lots of testimony, a lot of

1 testimony, reports -- to the planes -- on goods movements.
2 And you all know it better than anyone, and all of us sitting
3 up here know it. So if you could provide us what you think
4 that goods-movement policy looks like, because we will be
5 tapping that.

6 With that, I want to thank you all today for
7 participating in our hearing, your outstanding testimony, for
8 taking time out of your schedule, and everyone who testified
9 today, throughout the Near Mountain West and the Upper
10 Midwest. I think this hearing has been invaluable to the
11 work of the commission.

12 We do have some individuals who were not on a
13 panel today, but this is the time for the public input
14 portion of our hearing. And, so, again, I'd like to thank
15 you all for being here today. We do have five or six cards
16 -- we have nine cards. Thank you very much.

17 I'm going to call two, four -- six of you up
18 right now, and have you sit at the table, if you would, to
19 provide that testimony -- Robert Johns, Marcia -- is it
20 Marcoux? Did I pronounce that correctly?

21 MS. MARCOUX: Yes.

22 COMMISSIONER SKANCKE: With a last name like
23 Skancke, I'm terrible at --

24 MS. MARCOUX: Marcia Marcoux.

25 COMMISSIONER SKANCKE: Thank you, Marcia.

1 Commissioner Dan -- I'm sorry, I can't read -- what do you
2 think that is, Susan?

3 MS. BINDER: Erhart.

4 COMMISSIONER SKANCKE: Erhart.

5 MR. ERHART: Here.

6 COMMISSIONER SKANCKE: Erhart. Thank you, Dan.
7 Richard Swanson? Is Richard still here? Thank you. Mayor
8 Mark Stephenson. Did I pronounce that right?

9 MR. STEPHENSON: Yes, you did.

10 COMMISSIONER SKANCKE: Thank you. And Jason
11 Bittner? Is Jason still here?

12 We'll take three minutes of testimony.

13 Commissioner Odland has to catch a plane. The other two
14 commissioners will be back in a second. But Commissioner
15 Cino and I will be here, and you'll have our undivided
16 attention.

17 So, Bob, you have three minutes.

18 MR. JOHNS: Commissioners, I'm Bob Johns,
19 director of the Center for Transportation Studies at the
20 University of Minnesota. Our center is very pleased to host
21 this hearing at our University of Minnesota campus, with our
22 co-host, the Minnesota Department of Transportation. I think
23 it's very fitting to have this hearing held at a university,
24 because I believe investments and research and education are
25 critical for the future of our transportation system. Today,

1 you've heard several innovative ideas from Minnesota leaders
2 and leaders from surrounding states. The innovations
3 fostered by these leaders depend on the creation of
4 knowledge, on the transfer of that knowledge to the workforce
5 of their organizations and other organizations. And I took
6 note of the last panel, private sector, how many times the
7 word "innovation" was used. Universities play a critical
8 role in this innovation process. We have a faculty member,
9 Professor Andrew Vandervein, in our Carlson School of
10 Management, who's done some research on the innovation system
11 and process. He writes that there's four components needed
12 for successful innovation -- public resources, development
13 function, institutional arrangement, and market function.
14 And the key public resources that a research university
15 provides is, number one, scientific knowledge -- the ideas,
16 findings that come out of research -- and two, a human
17 competence pool -- you know, the faculty and the students.

18 More than ever, economic leadership today
19 depends on knowledge and ideas to create and develop
20 innovations. Our national R & D in the U.S. continues to
21 grow at approximately 300 billion dollars annually. Our
22 leading Minnesota companies -- and I'll quote two that you
23 just heard -- reflect this in their growth in R & D
24 investments. 3M spends approximately 6.5 percent of annual
25 sales on R & D, Medtronic invests about ten percent of its

1 sales on R & D. These companies know that their success and
2 survival in a global economy depend on new ideas, and a
3 workforce of knowledgeable professionals, for continual
4 innovation in their products and services.

5 And I give this private sector context to
6 provide some perspective on what we do at the Center for
7 Transportation Studies -- which you can read more about in
8 the CTS annual report in your packet. Our efforts at CTS are
9 devoted to advancing the same public resources, scientific
10 knowledge, and human competence for the field of
11 transportation. We work with over 70 faculty members and 25
12 academic disciplines to attract research funding from a
13 diverse set of sponsors and partners. We support a variety
14 of transportation research projects on infrastructure,
15 design, technology, planning, policy, many research topics in
16 the field of transportation. Our faculty produce
17 transportation ideas and educate students using the funding
18 that we attract. And, then, we help make connections so that
19 those resources are considered and used by those
20 organizations as they address transportation challenges.
21 Professionals in these organizations are critical in
22 integrating these public resources -- the knowledge and
23 workforce -- with the three components of innovation system
24 that Vandervein noted -- the other three components --
25 development, institutions, and marketing. So we utilize

1 several methods to make these connections. We're an ongoing
2 information resource, we sponsor and host several events, and
3 we conduct numerous training programs. We also are being
4 asked more and more to be a convening body, a neutral
5 facilitator and provider of objective information to help
6 inform the policy debates about the future of our
7 transportation system. As Vandervein notes in his research,
8 "Innovation often challenges the status quo and can lead to
9 radical and disruptive change. So dialogue is essential
10 among the many stakeholders to produce true innovations in
11 transportation."

12 So while our center has had strong support, you
13 know, we know that more could be done. At neither the
14 federal nor the state level do we have close to the six to
15 ten percent investment in transportation and research that
16 innovative corporations such as 3M and Medtronic have. The
17 TRB special report 261 documents that the research and
18 technology investment in the U.S. DOT is 1.5 percent of its
19 total budget. Besides being a much smaller proportion than
20 the private sector, this falls short of research investments
21 by the Departments of Agriculture, which is at 2.8 percent,
22 Health and Human Services, which is at 4.8 percent,
23 Environmental Protection, at 8.1 percent, and Defense at 14.9
24 percent. And the TRB report recommends a future focus on
25 fundamental, long-term research at the federal level and

1 transportation. So I concur with this recommendation, and
2 believe that the university research and education programs
3 play an essential role in advancing our nation's
4 transportation system. In fact, it might be one of the key
5 answers to all of your questions is to invest in smarter
6 people and in ideas. So I hope the commission will recommend
7 strengthening the federal role's investments in our nation's
8 transportation research and educating programs.

9 And I want to thank you for the opportunity to
10 provide these comments.

11 COMMISSIONER SKANCKE: Bob, thank you. And
12 thank you again for hosting us here today and tomorrow. It's
13 just been an outstanding day, and we're looking forward to
14 the tours tomorrow. Thank you very much for your testimony
15 as well.

16 Marcia.

17 MS. MARCOUX: Thank you very much for the
18 opportunity to speak to you this afternoon. And, also, I
19 enjoyed listening to all the other comments prior to this.
20 So thank you for bringing this to Minnesota.

21 My name is Marcia Marcoux, and I'm actually a
22 city council member from Rochester, Minnesota, which is home
23 to Mayo Clinic, in case you're not aware of that. I serve,
24 also, as a member of the National League of Cities Board of
25 Directors. On that board, I serve as the board liaison on

1 transportation policy. Currently I'm also serving as a
2 principal on an intergovernmental forum on transportation
3 finance that is being held in Washington and is actually
4 being sponsored by the National Academy of Public
5 Administration. So they're actually -- this forum is
6 basically looking at a lot of the same concerns that you are,
7 only in a much smaller process. I really valued what I heard
8 today and I will take that back to that group as we meet
9 again.

10 NLC would support preserving the federal fuel
11 tax to fund the Highway Trust Fund in the short term. But
12 included in that, we need to include the alternative fuels.
13 At the same time, we need to continue looking into the future
14 possibilities. We have actually heard the presentations and
15 looked at the vehicle miles traveled which is being done in
16 Oregon. I would also like to suggest to you that you revisit
17 the rule consultation process focus group that was actually
18 done by the Eno Foundation. It was actually directed by a
19 congressional request -- this was done several years ago --
20 and it was looking at rule-making or best practices for DOT.
21 Having been a part of that process, I realized that not all
22 DOTs operate as well as ours does in Minnesota. So the rule
23 consultation process -- which might work quite well here --
24 doesn't necessarily across the United States.

25 I'm then getting kind of to the local level and

1 wearing my local hat. At the local level, we're relying more
2 and more on our local property-tax dollars and special
3 assessments to do our transportation funding. Some examples
4 that we have done specifically in my city -- and this is
5 going to vary state by state -- and we do share these among
6 each other at our national meeting -- we actually passed a
7 local option sales tax in our community which is specific for
8 transportation funding. We share that with the county. We
9 also have established something called "TIDs," traffic
10 improvement districts, where if it's a substandard road and
11 development is needed in -- or -- coming forward in that
12 area, it's a method for us to have the developer in that area
13 -- in fact, multiple developers -- by their own agreement --
14 contribute to the cost of that road. We're also looking at
15 the fact that there are higher costs to abutting property
16 owners in reconstruction of internal streets in our cities,
17 so we have looked at the fact that -- we're now looking at
18 50/50 share. I had my first neighbor meeting on that one and
19 it's not real pleasant to go through. So you talk about
20 educating the public at the local level. They do need to
21 understand it. But they're understanding it more because we
22 have absolutely no reconstruction projects in Rochester
23 scheduled for 2007 because of that. The projects that we do
24 have that are not reconstruction are basically being funded
25 primarily out of our local sales tax.

1 So I thank you for what you're doing, and I
2 appreciate our hard work.

3 COMMISSIONER SKANCKE: Thank you, Marcia. Any
4 questions for the first two -- from the commissioners for the
5 first two witnesses? Thank you.

6 Dan.

7 MR. ERHART: Thank your, Mr. Chair. Thank you
8 for allowing me to come here today. My name is Dan Erhart,
9 and I am an Anoka County Commissioner and, also, chairman of
10 both the Northstar Corridor Development Authority and the
11 Anoka County Regional Authority. I have a copy of my
12 expanded statement and I would like your permission to put it
13 into the record for this hearing.

14 The Phase I of the proposed Northstar corridor
15 commuter rail project will provide rail service along a
16 40-mile route, which is a corridor from downtown Minneapolis
17 to Big Lake, Minnesota, and that parallels trunk highways 10
18 and 47, utilizing existing rail tracks owned by Burlington
19 Northern Santa Fe. I'm very pleased that the BNSF CEO, Matt
20 Rose, is a member of the commission. He has been a strong
21 partner in moving Northstar forward, and we have enjoyed that
22 relationship. Phase II of the project will run from Big Lake
23 up to Rice, Minnesota, that is a community just north of
24 St. Cloud, and that is another distance of 40 miles, and that
25 will complete a connection of one of the fastest growing

1 corridors in the state of Minnesota.

2 The Minnesota Department of Transportation is
3 the grantee of this project and is working closely with its
4 partners -- that would be the Northstar Development Authority
5 and the Metropolitan Council of the Twin Cities -- to deliver
6 the Northstar project on time and on budget.

7 I would like to take this opportunity to thank
8 the people that have been involved with us -- the governor of
9 Minnesota, the two senators, Senator Coleman and Senator
10 Klobuchar, the Commissioner of Transportation, Carol Molnau,
11 who was here this afternoon, and Chairman Oberstar and, of
12 course, the other members of the congressional delegation
13 from Minnesota.

14 Mr. Chair, I know that you are here in
15 Minnesota today to hear our thoughts and ideas and how a
16 funding crisis (sic) in our national transportation
17 infrastructure can lead toward some solution. From our
18 experience with the Northstar project, I would like to give
19 you some ideas on what can be done. Our proposals to solve
20 some of the problems in that kind of setting, number one, we
21 believe that we ought to look at simplifying and streamlining
22 the New Starts approval process. One way is to establish a
23 single process for commuter rail projects and not adding a
24 bunch of other proposals. If the rules need to change -- a
25 grandfather of the projects that already have been started --

1 through the approval process should be in order and not get
2 as bogged down, which would add to the cost. Further,
3 allow commuter rail projects to compete against one another
4 under a uniform set of rules, with a fair portion of the New
5 Starts annual budget being allocated to commuter rail. We
6 are not an LRT, a light rail project, or a bus, rapid-transit
7 project, or even a heavy rail, and we should not have to
8 compete against projects like that for scarce funding. A
9 commuter rail project utilizing existing rail infrastructure
10 are just the type of public-private partnerships that I
11 believe you folks support and, certainly, are more cost
12 effective than those of other rail-type transportation. One
13 other highest costs -- I should say, number three, one of the
14 highest costs in commuter rail is the liability insurance,
15 especially since we share rail infrastructure with our
16 partners at BNSF. There have been discussions in the
17 commuter rail industry about pooling our insurance risk in
18 order to save on the high cost of such insurance. We would
19 urge that the United States Department of Transportation
20 enters into a private-public partnership with the insurance
21 industry and the commuter rail industry and start a pilot
22 project to create such an insurance pool. This will save on
23 the cost of implementing such projects, and will, again,
24 allow valuable resources to go directly towards the capital
25 needs of these projects. The NCDA, Mn/DOT, the Metropolitan

1 Council, have been working closely with the FTA, and I'm
2 hopeful that the Northstar project will be able to execute a
3 full-funding grant agreement by this summer, and the project
4 will end up running in a little over two years.

5 I appreciate this opportunity to present our
6 views to you, and on the transportation funding solutions
7 for, at least, that area of transportation.

8 COMMISSIONER SKANCKE: Thank you, commissioner.
9 You get a gold star from me today for bringing up the New
10 Starts program. And anyone else who brings up New Starts,
11 you get a gold star; how about that? It doesn't get you
12 anything. I just wanted to let you know you get a gold star.
13 Because I have absolutely no authority to do anything.

14 Thank you for your testimony.

15 I'm just one vote. But remember that.

16 Richard.

17 MR. SWANSON: Mr. Chairman, members of the
18 commission, thank you for the opportunity to address you
19 today. I'm Richard Swanson, I'm a Blaine city councilman --
20 which is a suburb north of Minneapolis and St. Paul. We have
21 the honor of being part of Anoka County, which Commissioner
22 Erhart represents. And I'm president of the North Metro
23 I-35W Corridor Coalition. We're a coalition of six cities
24 and
25 two counties, and our basic purpose is to secure

1 transportation system investments and improve the
2 transportation system to support the economic growth being
3 experienced and forecast for our member cities. Collectively
4 today our six cities provide homes for a hundred and
5 two-thousand residents. We anticipate adding 14,000 new
6 homes, 36,000 new residents, 42,000 new jobs and five billion
7 in tax base during the next 20 years.

8 I would like to enter into the official record
9 more extensive comments than can be shared in our brief time
10 today, with your permission. I believe you have those
11 comments.

12 We need a vital transportation system to
13 provide mobility within our subregion and efficient access to
14 the broader region. I-35W is our primary backbone route,
15 where several major trade routes connect. Expansion of I-35W
16 to provide roadway capacity is not in our metro council's
17 2030 transportation police plan nor is it in Mn/Dot's
18 transportation system plan. I-35W expansion is not in the
19 2030 plan only because the plan is fiscally constrained.
20 That grossly understates the transportation needs in the
21 state. When you have a plan that is fiscally constrained,
22 you can only recognize those needs that can be funded. If
23 you don't recognize all the needs, you're really not showing
24 the full problem and that, in turn, doesn't allow the public
25 to recognize what the full problem is. The plan is fiscally

1 constrained because forecast state and federal funding has
2 not been increased in a timely and vitally needed schedule.
3 We urge you to address the Administration and Congress to
4 significantly increase the flow of funds for highways and for
5 transit services. The flow of funds can be increased in
6 several ways -- address long-need changes in the distribution
7 formula that would recognize economic activity that is
8 occurring in Minnesota and other growing states; raise the
9 federal gas tax by five cents, as recommended by Congressman
10 Oberstar, or some other amount; reduce red tape involved in
11 moving large highway transit projects from conception to
12 reality, thereby saving costs that are increasing more than
13 ten percent per year grossly outracing the amount of our
14 funding that can be increased; accelerate the transition to a
15 national user-fee system based on vehicle mileage rather than
16 fuel consumed so that all system users pay a fair share of
17 the burden.

18 We would observe that simply replacing the gas
19 tax without providing increased total funding won't solve our
20 dilemma. The national evaluation of mileage-based road-user
21 charges being conducted by the University of Iowa is an
22 excellent next step to be taken this summer, and we encourage
23 the commission to follow that work very closely. Time is
24 money. The fiscally constrained investment strategy in place
25 becomes even less responsive each day. We urge you to be

1 bold in your recommendations.

2 We thank you again for providing the
3 opportunity to present our comments, and stand open for any
4 questions you may have.

5 COMMISSIONER SKANCKE: Thank you very much.

6 Any questions from the commission?

7 Mayor.

8 MR. STEPHENSON: Thank you, Mr. Chairman, and
9 members of the commission. Thank you for taking the time
10 today. My name is Mark Stephenson, I'm the mayor of
11 Maple Grove, one of the fastest growing communities in the
12 state, and I'm also the president of the North Metro Mayors
13 Association, and the chairman of the North Metro Crossing
14 Coalition.

15 I have a more detailed version of my remarks as
16 well that I would like your permission to enter into the
17 record.

18 The North Metro Crossing Coalition is a
19 coalition of 21 communities and counties along the path of
20 trunk highways 610/10 that runs from I-35W to I-94, that's
21 approximately a 19-mile corridor along the northern side of
22 the metropolitan area. The North Metro Crossing Coalition
23 was formed nearly 30 years ago for several reasons, but one
24 major purpose was to push for the funding of 610/10. Because
25 even back in the 1970s, we elected officials knew that this

1 highway was badly needed to be upgraded in order for us to
2 meet the growing needs of the region. For many years, North
3 Metro Crossing Coalition has been working with Mn/DOT for
4 funding of this critical stretch of highway and have it
5 upgraded to a four-lane limited-access highway. Since Mn/DOT
6 did not have the funds, we've been forced to petition our
7 elected representatives back in 1991. Since 1991, we have
8 received over a hundred million dollars in federal
9 discretionary funds, and have completed 13 miles of the
10 projected I-35W to trunk highway 169. However, we still have
11 six more miles to go to complete this project to I-94, and
12 the costs continue to soar -- but we'll get to those details
13 shortly.

14 My understanding is the commission would like
15 to explore solutions to funding problems, which the 610/10
16 project and other transportation projects are experiencing in
17 Minnesota and throughout the United States. Following are
18 the views of the North Metro Crossing Coalition on how we can
19 begin to solve this problem.

20 First, increase the federal gasoline user tax,
21 or fee. Until Congress changes the structure of the Federal
22 Highway Trust Fund, we just do not see any other solution to
23 providing the necessary funds. We understand that the
24 Highway Trust Fund is projected to actually run out of funds
25 by the end of federal fiscal year 2009. Chairman Oberstar of

1 the House Transportation and Infrastructure Committee, and in
2 Minnesota, has called for a nickel increase in the federal
3 gasoline user fee. We at the North Metro Crossing Coalition
4 strongly support that increase.

5 Second, we believe that we should amend the
6 federal highway allocation formula to give Minnesota its fair
7 share of highway funds and give credit for job growth and
8 economic development. The completion of 610/10 will bring
9 many new jobs to our area, including the addition of 30,000
10 new jobs brought to communities by the Target Corporation.
11 These aren't jobs that are being transferred from other
12 communities, they're brand new jobs. These jobs are a direct
13 link to the completion of 610/10. In addition, there's a new
14 Maple Grove hospital complex that's scheduled to open in 2009
15 that will feature two multi-story medical facilities, a
16 state-of-the-art services, a new hospital with a capacity of
17 approximately 300 beds, and plans for future expansion. The
18 federal highway funding allocation formula should be changed
19 and assist those states that are growing, creating jobs, and
20 a process suffering increased levels of congestion.

21 Third, provide incentives for local communities
22 to set aside right-of-way property. When the North Metro
23 Crossing Coalition first went to Washington in 1991, the cost
24 to complete Highway 610/10 was 60 million dollars in federal
25 funds for 19 miles of the four-lane limited-access road.

1 Today, merely 16 years later, to complete just six miles of
2 the highway, the cost to complete that section is 211 million
3 dollars. Is this due to bureaucratic red tape? No. A
4 portion of that explosion in cost is due to that factor, but
5 many of our communities have set aside the right-of-way --
6 and I think that's one of the key factors in the cost
7 increases here. Us, in Maple Grove, and our neighboring
8 community of Brooklyn Park, set aside the right-of-way for
9 the purpose of building this roadway project, starting in
10 1974. We have been sitting on right-of-way project
11 right-of-way (sic) for 30-some years. Because of this
12 initiative by our communities, we have saved ourselves, the
13 state, and the federal government tens of millions of
14 dollars. We would propose that the federal government
15 provide some incentive to local governments to do what we did
16 and harness one of the highest growth factors in the cost of
17 any highway. This is the cost of acquiring the right-of-way.
18 Perhaps an incentive can be provided in bonus of federal
19 funds for any project that does preserve right-of-way.

20 Mr. Chair, I hope you find these suggestions
21 helpful. We at the North Metro Crossing Coalition applaud
22 your efforts to find solutions to the revenue shortfall
23 facing our transportation system. And I appreciate the
24 opportunity to present our views.

25 COMMISSIONER SKANCKE: Thank you, mayor. Any

1 questions from the commissioners? A gold star for bringing
2 up rights-of-way acquisition.

3 Jason.

4 I want you all to listen to his testimony
5 because his address is Engineering Way (sic).

6 Go ahead, Jason.

7 MR. BITTNER: Well, thank you. My name is
8 Jason Bittner, I'm an associate researcher at the University
9 of Wisconsin-Madison. The address is 1450 Engineering Drive.

10 COMMISSIONER SKANCKE: Oh, Drive.

11 MR. BITTNER: We do have a significant role to
12 play in the university community; and Bob Johns already
13 addressed some of those issues. I'm also the deputy director
14 of our university transportation center.

15 The three issues that I wanted to raise in my
16 testimony are the importance that this commission has in
17 continuing to provide for education, workforce development,
18 and transportation research.

19 On the education side, another hat that I wear
20 is I am a lecturer in our transportation management and
21 policy program. This current semester, we have taken a look
22 at transportation history and law and its impact on today's
23 system. During the courses of this colloquium, we've had
24 several speakers come in and talk to our multidisciplinary
25 group of students in that TMP program, and the issues that

1 they raise, as has been said in previous testimony, the same
2 issues were in existence for the last 20 years in our system.
3 We haven't taken the necessary steps to move our system
4 beyond where it was and now we are facing that critical
5 crises. This commission can provide adequate funding to
6 ensure that we don't lose the best of the best students to
7 other professions, to other industries.

8 Transportation. To reach those bold visions of
9 what our system can be, we need to attract the best and the
10 brightest and, unfortunately, these civil engineering
11 professions and transportation, generally, have been unable
12 to produce the level of -- or -- the numbers of students that
13 we need to fill those important roles -- which also spills
14 into the workforce development issue that I'll get to in a
15 moment.

16 With respect to research, Bob Johns also
17 testified how the amount of research that the national
18 government provides in the transportation industry when
19 compared with other industries is woefully low. The national
20 commission needs to recognize that if we want, in 50 years, a
21 system that will boldly change the way that we move goods and
22 people in this country, we need to take the steps now to
23 provide adequate funding for research and technology
24 development.

25 Finally, with respect to workforce development,

1 in addition to not producing the necessary level of engineers
2 and transportation professionals in this country, we are
3 losing several to age. A colleague of mine and a former
4 director of our center used to refer to the "30/30 Club."
5 Everybody in the state DOT either had 30 years of experience
6 or was under 30, there was no gap between there, and, as a
7 result, you know, we don't have the necessary numbers. As
8 retirements continues to affect transportation, we're losing
9 tremendous volumes of institutional knowledge and memory.
10 And this commission has an opportunity to provide adequate
11 funding for workforce development, education, and training
12 forums, and I urge the commission to consider that.

13 Thank you.

14 MR. SKANCKE: Thank you, Jason. Any questions
15 from the commission? Seeing none, I want to thank you all
16 for participating this afternoon.

17 I have three more individuals who had signed up
18 to speak. Sherry Munyon. Is Sherry still here? Mike Laven,
19 and Steve Elkins. Did I do all those names right? You all
20 have three minutes for your testimony.

21 Sherry, we'll start with you.

22 MS. DONAHOE: Thank you very much. Actually,
23 Sherry was detained, so... I'm Margaret Donahoe, and I'm
24 going to pinch hit for Sherry who, unfortunately, couldn't be
25 here, but...

1 My name is Margaret Donahoe, and I'm
2 representing the Minnesota Public Transit Association, and
3 this is an association that's a statewide coalition that is
4 comprised of most of the transit systems in Minnesota, both
5 urban and rural. However, due to the time constraints, and
6 the previous testimony by the Metropolitan Council, I will
7 focus my comments on rural transit issues.

8 In the many counties outside of the Twin
9 Cities' metropolitan area, public transit service plays a
10 critical role in allowing people to retain employment, to
11 remain in their own homes, and to remain in their own
12 communities. However, despite growing demand, service
13 remains spotty and very limited. There are seven counties in
14 Minnesota that have no public transit service at all, and
15 another seven counties that have service only in certain
16 cities in those counties. There are also limits in terms of
17 the hours of service. Many rural transit systems don't
18 operate on weekends or in the evening, and that has,
19 obviously, a big impact on people's ability in those
20 communities to get around. The federal, state, and local
21 partnership that has worked to provide rural transit services
22 is absolutely necessary in Minnesota. The ability of folks
23 in rural areas to provide the local share can be difficult.
24 Fares can only be raised so much, property taxes can only be
25 raised so much. So the federal and state funding that goes

1 into rural transit is absolutely key to providing that
2 service.

3 Minnesota has benefited greatly from the
4 federal formula funds that have been provided, from the
5 high-intensity tier funds that are currently being received
6 by systems in St. Cloud and Rochester and in Duluth, and from
7 Mn/DOT's ability to flex STP funds to allow for greater
8 Minnesota transit systems to purchase buses that are greatly
9 needed. And that is a key role of federal funds in our
10 state.

11 The association recommends, first of all, to
12 increase transit funding to continue to meet these needs,
13 along with continued flexibility -- which is absolutely key
14 -- and to also continue to emphasize the important role of
15 rural transit as, really, the whole population of the country
16 ages and people will need alternatives to driving. This is a
17 very important safety issue and, also, a quality-of-life
18 issue. And the final recommendation has to do with
19 continuing to provide leadership in the area of coordination
20 of service between public transit systems and community-based
21 providers in transporting ADA-eligible riders of the system
22 -- to improve service, to reduce duplication of service, and
23 to save money.

24 Thank you very much for considering these
25 recommendations.

1 COMMISSIONER SKANCKE: Thank you for your
2 testimony. Any questions from the commission? Seeing none,
3 Mike, you may proceed.

4 MR. LAVEN: Thank you. My name is Michael
5 Laven, I'm the president of the Mankato City Council, and
6 vice-president of the Highway 14 Partnership. What's unique
7 about the Highway 14 Partnership compared to the other
8 coalitions and partnerships you've heard today, we're an
9 affiliation of both city, county, and private business
10 partnership. We understand that the solution is not just
11 government-based but it's a solution that the entire
12 community needs to embrace. The coalition -- or -- the
13 partnership of Highway 14 starts on the eastern side of
14 Minnesota at the port city of Winona, heads west to Rochester
15 and, then, through the cities of Owatonna, Waseca, Mankato,
16 North Mankato, and ends at the terminals west of New Ulm. In
17 those cities, along with the port of Winona, you have
18 companies -- Archer Daniels Midland, Cenex Harvest States,
19 Kraft Foods -- they are large users of not just rail but also
20 road transportation. And to put it in perspective, Mankato
21 has the distinguished honor of being the largest soybean
22 processor in the United States, second in the world only to a
23 Brazilian facility. More soybeans are crushed in Mankato
24 than anywhere else in the United States. That's a lot of
25 food that gets processed and gets brought out to the rest of

1 this country; and the only two ways it can happen is through
2 rail and transportation through roads. As you go west there
3 to New Ulm, Kraft Foods is there. And the biggest concern
4 that they have is it's a two-lane road from New Ulm to
5 Mankato. One accident will stop that road from being
6 productive for anywhere from one hour to three hours. I get
7 a slight smile on my face when I listen to the Twin Cities'
8 radio stations and they talk about traffic concerns, and
9 someone calls from New Ulm and says, "Highway 14 is backed
10 up," it's a two-hour delay. That's 90 miles south of the
11 Twin Cities. It happens. Unfortunately, it's happened in 33
12 deaths in the last five years on that road.

13 Economically, we're talking about a population
14 base of 350,000 people that live in counties that border
15 Highway 14, from Winona to New Ulm. Those folks have jobs,
16 those folks have businesses. Movement of product and people
17 is essential.

18 Bold statement, innovative. We need to
19 increase that federal gas tax. The innovative plans of
20 trying other options in the future, we're all supportive. As
21 a member of the Transportation Alliance, as I sit here, I
22 feel I'm amongst friends, with Margaret on my side and....
23 The goal and the common concept of Highway 14 is what you
24 heard in the other coalitions, finding that collaborative
25 effort at different levels. We've been successful in that

1 matter. We've had the ability to take a 12-mile stretch of
2 road that cost 34 million dollars -- because we had used
3 advance money from the federal government, coupled with state
4 dollars and local dollars -- as opposed to the 62 million
5 dollars it would have taken if we would have waited for
6 everyone's funding to show up on the schedule that they
7 preferred. But through the advocacy of the Highway 14
8 Partnership, along with support from both the districts of
9 Mn/Dot that are affected, as well as at the federal level, we
10 have successfully completed a 12-mile stretch at a
11 significantly lower cost to everyone. As I've been
12 continually told by colleagues and friends of mine, "Mike,
13 we're all taxpayers. Whether our dollar is a federal dollar,
14 a state dollar or a local dollar, it's a taxpayer dollar and
15 you're responsible for that and that's what we all adhere
16 to."

17 Further, through my testimony, I'll submit
18 this, because it's been spoken about earlier today, and I
19 don't want to repeat that, but.... In closing, the transit
20 needs, as Margaret mentioned, are not just in the Twin
21 Cities. I'm one of those counties that has a system in
22 Mankato but not in the county. And you heard earlier today
23 from Commissioner Landkamer, she's a founding member of the
24 Highway 14 Partnership. It's humbling to know that her words
25 preceded my mine, and know that the voice of rural Minnesota

1 and rural America is still represented on that great level.
2 The irony is is that I cannot vote for her but she can vote
3 for me because of districting, imagine that, so....

4 The aging population is certainly a concern
5 that we have. Our biggest concern is how do we get those
6 folks to and from. And all due respect to the Mayo Clinic --
7 it's a wonderful facility, but to drive from Mankato to
8 Rochester on a two-lane road is actually more of a concern
9 than the actual procedure that may take place. And,
10 unfortunately, not everyone has an option. And I mean that
11 very sincerely. I have parents that refuse to go to
12 Rochester for those things. They'll have it done locally, or
13 they'll forego it until it's available in Mankato -- and
14 we're talking about cancer, we're talking about heart
15 disease. But to drive on a two-lane road is not something
16 they want to do at the age of 72.

17 I appreciate the opportunity to speak today,
18 not just for the Highway 14 Partnership, for the broad-based
19 support of continued funding at a higher level through that
20 federal gas tax. Thank you.

21 COMMISSIONER SKANCKE: Thank you, Mike. Any
22 questions from the commissioners?

23 My boss just told me that I'm supposed to
24 announce to you all that Susan will be reaching out to all of
25 you that filled out a yellow card today to get any testimony

1 or any other information that you may want to submit for the
2 record. So you'll be hearing from Susan Binder sometime in
3 the next week.

4 Steve, you're next. And I have two more cards.

5 Is there anyone else who -- these will be the
6 last three. If I could ask Rick Krueger and Holly -- where
7 are you, Holly? We need to get your contact information for
8 Rick and for Holly.

9 And, Steve, if you would proceed, please.

10 MR. ELKINS: I'm Steve Elkins, I'm a city
11 council member in Bloomington, Minnesota. I'm a member of
12 the Transportation Policy Committees for the National State
13 and Regional Leagues of Cities, I'm a member of two local
14 joint commerce boards of the 494 Corridor Commission, and the
15 35W Solutions Alliance, which consists of all of the cities
16 and counties along Interstate 35W to the south of downtown
17 Minneapolis, and participated as a member in a Citizens'
18 League study on transportation funding in Minnesota, a couple
19 of years ago, that resulted in a report which we called
20 "Driving Blind," because it was about the lack of
21 transparency in the way we fund transportation, especially in
22 Minnesota. While the typical taxpayer -- certainly here --
23 thinks that all of the roads, at all levels of government in
24 this state, are funded with gasoline taxes, a Center for
25 Transportation Studies study here a few years ago revealed

1 that, actually, the typical Twin Cities' taxpayer actually
2 pays more in local property taxes to support city streets and
3 county roads in the region than they pay Mn/DOT to maintain
4 the region highways. And the Citizens' League report, we
5 focused on -- we decided to focus on the lack of
6 transparency. Because after actually thrashing around in our
7 group for three or four weeks about how to tackle the
8 question of transportation funding, we realized that a big
9 part of the issue was is that people didn't understand how
10 transportation was funded. And we felt that until there was
11 a more transparent method of funding, we really weren't going
12 to be able to tackle the policy issues that were involved.
13 And, so, I will make sure that the commission gets copies of
14 this Driving Blind report, because it was a very outstanding
15 essay.

16 In our community, our just basic pavement
17 management program, we're looking at spending ten million
18 dollars a year just for reconstructions and resurfacings for
19 about the next decade. And our allotment of the state
20 gasoline tax is going to pay less than ten percent of that,
21 the other 90 percent is going to be on local property taxes.
22 I represent a district in the city that has a lot of
23 empty-nesters, elderly people who are living in homes that
24 they paid for, but on fixed incomes and Social Security.
25 And, so, when we have to raise property taxes every year just

1 to pay for basic street maintenance, it's falling
2 disproportionately on a population of people that really
3 isn't driving very much.

4 The 35W Solutions Alliance interestingly -- we,
5 as a body, are actually urging Mn/DOT to be more open-minded
6 and aggressive in its application to the US DOT as part of
7 the Urban Partnership Agreement program, to be more open to
8 congestion pricing experiments on the 35W corridor south of
9 downtown Minneapolis, in order to help provide the funding
10 for bus service, bus, rapid transit in that corridor.

11 So the main message I would send along is that,
12 in your results, please try and emphasize a need to rely
13 increasingly on user fees, and that would include continued
14 reliance, in the short term, on the federal gasoline tax and,
15 in the longer term, on options program such as the Value
16 Pricing program at DOT, and the vehicle miles travel tax. As
17 council member Marcoux mentioned earlier, the National League
18 of Cities Transportation Committee is very interested in
19 pursuing that as a concept. Thank you.

20 COMMISSIONER SKANCKE: Thank you for your
21 testimony. Any questions from the commissioners?

22 Rick, you're on.

23 MR. KRUEGER: Well, I apologize for being the
24 skunk at the party that keeps it going one more person,
25 but --

1 COMMISSIONER SKANCKE: We're here to take your
2 testimony.

3 MR. KRUEGER: -- I thought I had my information
4 submitted before. I'm Rick Krueger, I'm the director of the
5 Minnesota Transportation Alliance, we're a statewide
6 coalition, approximately half our members are public sector,
7 about half of them are private sector. We're involved in
8 everything -- our organizations, our entities are all
9 involved in everything from planning, design, construction,
10 and operation of Minnesota's transportation systems. We're
11 multimodal in terms of our interests.

12 I'll skip right to my -- I will say that, at a
13 federal level, Minnesota's had the blessing of being --
14 having a lot of cooperation on a bipartisan basis with our
15 delegation. And that's absolutely true. My organization has
16 been around for a hundred and twelve years, and I think we've
17 always, on a federal level, enjoyed really good bipartisan
18 support from our delegation. And, of course, we've had
19 special support from Congressman Oberstar, as we all know, in
20 terms of his interest in the transportation arena.

21 I know you've been looking at a number of
22 issues around the theme of developing recommendations for the
23 new national transportation policy that you're trying to
24 formulate, and make recommendations for. Having chaired a
25 finance committee in the Minnesota House, I can tell you that

1 -- I have a bias -- that a lot of the policy issues are
2 driven in government by the finance decisions, as they are in
3 the private sector too. Therefore, I'd like to blend a few
4 finance and program suggestions together real quickly here.

5 First of all, the bottom line is we lack the
6 money and the investments that we need to do what this
7 country has to have done in terms of transportation
8 infrastructure. For a start, the federal fuel tax should be
9 indexed at a rate of inflation. We would need to raise the
10 existing federal fuel tax to 25.5 cents just to capture the
11 same purchasing power that it had when it was passed in 1993.
12 There's also evidence that says that just to reach the
13 SAFETEA-LU commitments that are there, the federal gas tax
14 needs to go up three cents, or its equivalence, by 2009. And
15 fuel taxes also need to be expanded in a comparable manner to
16 different types of fuels that are coming online. Projections
17 indicate that the gas tax will be less significant as we move
18 ahead -- and that's probably true. In the meantime, though,
19 the conclusion should be that we need sooner rather than
20 later move to increase the gas tax -- and that would be the
21 best policy.

22 Secondly, the fuel tax is so important that it
23 needs to be indexed, as I indicated. Infrastructure
24 investment is so critical that we should not have to rely on
25 the whims of the political times, in terms of financing.

1 What are needed are continual investments.

2 Transit must be a more significant part of our
3 transportation solution, as we move ahead. We should
4 establish a goal of doubling our transit riderships, and
5 shifting ten percent of our commuter trips in the next 20
6 years to transit. Already covered earlier, we found that the
7 FTA should be directed to reexamine the cost effectiveness
8 index that's used to evaluate transit projects. Inner city
9 passenger rail service should be expanded. And my
10 organization strongly supports the completion of the Midwest
11 Regional Rail Initiative, from Chicago, Milwaukee, and
12 Minneapolis corridor.

13 The federal government should continue to
14 explore alternative funding mechanisms, such as mileage-based
15 taxation system. I used to head the Minnesota High Tech
16 Association of Minnesota also. Very interested in that type
17 of thing.

18 But I can tell you that the bottom line is
19 speculative long-term solutions should not stand in the way
20 of transportation infrastructure investments that are needed
21 right now.

22 I condensed it. But thank you very much for
23 your time and attention.

24 COMMISSIONER SKANCKE: Thank you. Any
25 questions? Is Holly here, going once? No? okay. We want

1 to thank you all for your testimony today.

2 And, again, Bob, thank you for helping us
3 coordinating this hearing here at this wonderful institution.

4 And we are adjourned.

5 (The hearing was adjourned at approximately
6 5:55 p.m., on April 18, 2007.).

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF MINNESOTA)

2)ss.

3 COUNTY OF HENNEPIN)

4

5 I, Ronald J. Moen, CSR, RMR, and a Notary Public in
6 and for the County of Hennepin, in the State of Minnesota, do
hereby certify:

7 That the said proceeding was taken before me as a CSR,
RMR, and a Notary Public at the said time and place and was
8 taken down in shorthand writing by me;

9 That said proceeding was thereafter under my direction
transcribed into computer-assisted transcription, and that
10 the foregoing transcript constitutes a full, true and correct
report of the proceedings which then and there took place;

11 That I am a disinterested third person to the said
12 action;

13 That the cost of the original has been charged to the
party who ordered the Transcript of Proceedings, and that all
14 parties who ordered copies have been charged at the same rate
for such copies.

15 That I reported pages 1 through 303.

16 IN WITNESS THEREOF, I have hereto subscribed my hand
17 and affixed my official seal this 30th day of April, 2007.

18

19

20 -----
Ronald J. Moen,
CSR, RMR

21

22

23

24

25