

Arizona Transportation Operations Executive Summit Remarks

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Good morning and thanks for inviting me. Good to be here, great to see such a good attendance. I'd like to thank the ADOT, MAG and Maricopa County folks, the FHWA Division office, and my staff who are here for putting this summit together, as well as the Operations Academy that concluded yesterday.

As some of you may know, Arizona is one of ten "opportunity" states we are currently working with to progressively employ an operations approach and move towards a fully embraced operations culture, and proactive, integrated operation of the transportation system. This summit is an important step along the way. I appreciate that all of you have a lot to do and the simple fact that you are here says a lot about where Arizona is headed. Our opportunity State initiative is focused on States that we believe are ready to take the next step – to becoming lead States and examples for others to follow. And based on what you have already done and are planning to do, we believe Arizona is definitely ready for the next step.

In the next 20 minutes or so, I'd like to cover a couple of topics in some detail, close with some thoughts on moving operations forward, and most importantly answer your questions.

Let's start with the strategic priorities that are going to frame what we do in transportation for the next several years and how operations fits into these priorities. These are the priorities that have been articulated by US DOT in its recently released draft Strategic Plan, they are supported by FHWA, and they are also being used by Congress in framing the reauthorization discussion.

- Improving Safety in all modes
- Supporting America's Economic Competitiveness (emphasis on creating jobs)
- Creating a transportation system that is Sustainable
- Supporting Livable Communities
- Keeping our transportation infrastructure in a State of Good Repair

Some see this list of priorities and ask "where is operations?" In fact, I was asked that very question at the US DOT executive session at last week's ITS America meeting in Houston. And the answer I would give is "everywhere!"

With regards to safety, most everything we do in operations is related in some way to providing safer highway transportation. That's why we spend so much effort on the MUTCD (just released a new version in January) and on traffic control in general. That's one of the reasons that we pursue traffic incident management strategies. It's one of the reasons we worry so much about effectively managing traffic in work zones (yes, we want to reduce congestion, but we also need to worry about protecting workers and drivers as they travel through work zones). Safety is part of why we worry about access management and good arterial design practices. It's part of why we are engaged in road weather management research. A well operated transportation system is a safer system. And a safe system will operate more efficiently. The two issues are intertwined and you need both.

Supporting economic competitiveness is strongly correlated to reducing traffic congestion. Congestion is choking our metropolitan areas and adversely affecting our quality of life, but also adversely affecting our ability to move goods within and between metropolitan areas as well. When companies in Atlanta are forced to add trucks and drivers, just so they can make fewer deliveries a day, and long haul companies are building traffic delay times into their schedules, we are losing productivity from our transportation system and costing America jobs and money. Operating the transportation system in the most efficient manner possible is a critical strategy for fighting congestion, which in turn improves our economic competitiveness.

Sustainability is broader in scope, but is largely correlated to addressing the critical national issue of climate change. How do we continue to provide a transportation system and transportation services while also reducing harmful greenhouse gas emissions? One way that is now widely acknowledged within both the transportation and environmental communities is by improving the efficiency of the system through operational strategies and improvements. Depending on "before" conditions, we can make a 10-20% dent in emissions in congested metropolitan areas by investing in strategies like better traffic signal timing, traffic incident management, traveler

information, and work zone management. Investing in operations is critical to achieving America's climate change goals.

Livability is about improving mobility and accessibility, and better connecting transportation policies with energy and environmental goals, especially in large metropolitan areas. Some would limit improving livability to better transit service and more facilities for walking and biking. But I think if you ask people what makes a community livable, you'd hear that they also want the system to work better when they have to or choose to drive. Some of the same strategies I just mentioned with regard to sustainability – better traffic signal timing, better traffic incident management, better traveler information - also help make communities more livable.

State of good repair? That's a tough one. But operations strategies are clearly critical while we manage the impacts of our investments in state of good repair projects, particularly those with major potential traffic impacts.

So in short, operations – operating the system effectively – is critical if we are to achieve our national strategic priorities in transportation.

How do these priorities translate into what you will be seeing from FHWA with regard to operations in the coming months?

First, you are going to continue to hear us talk a lot about addressing congestion problems, through better operations, better management of demand, removal of key bottlenecks, targeted addition of highway capacity.

Second, you are going to continue to hear us talk a lot about better balancing transportation supply and demand and reducing congestion through use of congestion pricing as a tool. We are continuing to demonstrate what is possible with congestion pricing through the six major demonstration projects we funded in 2007 and 2008. In Miami, Minneapolis, Los Angeles, and Atlanta, high occupancy toll lanes are being created or converted from existing HOV lanes. Seattle will implement variable pricing on all existing lanes of SR 520 over Lake Washington. San Francisco will implement variable pricing of off-street parking in downtown and at Fisherman's Wharf and will deploy a new system to share information on parking availability and rates in real-time. All of these activities will be evaluated to help others understand the benefits and challenges of implementing congestion pricing. We are sponsoring a national congestion pricing workshop in Houston during the first week of June and I hope that some of you can attend. Congestion pricing is a critical tool to use if we are going to significantly reduce congestion.

Third, we will continue our focus on improving the efficiency of freight movement. There will be a significant emphasis on this in reauthorization. The major issues we are wrestling with include what to do about major multi-State investments, how to improve major bottlenecks, improving and maintaining intermodal connectors (between highways and critical rail and port facilities), and moving freight more effectively through international border crossings. Improving the overall reliability of the transportation system also improves freight reliability, but some investments need to be targeted specifically at freight movement. To support analyzing the effectiveness of these potential investments, we plan to release version 3 of the Freight Analysis Framework later this summer.

Finally, we are also going to continue to do research on the next frontier of traffic management strategies like integrated corridor management, active traffic management, and cooperative vehicle-infrastructure systems through the ITS program, but before we can pursue more advanced and innovative solutions, we need to make sure that we are implementing what we already know works and make sure that operations is part of the mindset of the partners we work most with – State DOTs, MPOs, local agencies. To do this, we need to have a solid foundation in place – operations reflected appropriately in the planning process, relevant performance measures identified and being used along with good analysis techniques and tools, a solid regional ITS architecture, the right mix of technical skills in our staff. In 2010 we are focusing on the quality of the Congestion Management Process being used in larger metropolitan areas. Is it being used? Is it making a difference? We need to get to a place in every State and metropolitan area where it is well understood that operations doesn't replace capital investments or new capacity, it complements them, and it isn't optional – it helps make the most out of the capacity and infrastructure we already have. It's just part of what we do and it helps us achieve the strategic priorities I mentioned earlier.

I've mentioned reauthorization a few times, but haven't offered much in the way of specifics. One of the reasons is that there is still so much uncertainty about when passage of a long term reauthorization bill is going to happen, what it will contain, and how it will be funded. Right now, the existing program and 2009 funding levels have been extended through December. But what happens after that? There are actually a lot of areas of agreement between the Congress and the Administration on major elements of a reauthorization package – a focus on the five national priorities I outlined earlier, a streamlined program with fewer categories of funds and greater flexibility to target

resources on where they are most needed, an overall investment level of \$450-500 billion over 6 years. But unfortunately, the big problem continues to be how to finance what everyone seems to agree needs to be done. So funding issues are going to dominate the debate. Should we increase the gas tax? Should we narrow the scope of the Federal program and focus only on national level systems and priorities? Should we be more creative in terms of innovative financing and PPPs? Should we look at new sources of revenue e.g. tolling and pricing, container fees? Should we do all of the above?

While funding issues will likely consume much of the debate, the issues that you care about on a day to day basis, like changes to individual programs, potential funding for operations and ITS projects, and whether or not there will be a strong operations and ITS research program, may well fly under the radar of the debate. This could be good or bad. Some things that do seem likely:

- There will continue to be a focus on improving safety, reducing congestion, boosting economic productivity, and addressing the effects of climate change. In other words, the priorities I articulated earlier won't change – they will frame the debate
- There will likely be some sort of performance management focus in how investment decisions are made. When money is tight, making wise choices is even more critical. It's too soon to know exactly what this will look like, but those who have embraced the use of performance metrics and have thought about how to implement a performance-based approach will be ahead of the game. We're doing some work within FHWA and the Department to try to be ready for what's coming, and I'm looking forward to Daniela's discussion of this topic later this morning.
- There will likely be a strong emphasis on improving the efficient movement of freight. Again, it is too early to predict exactly what this will look like
- There will be a strong emphasis on innovation, including research and technology activities as a key place where problems and an appropriate Federal role intersect.

These are all areas where operations and ITS can make a significant contribution. It also seems likely that operations will play a significant role in the climate change legislation currently being debated by Congress for the reasons that I outlined earlier. So stay tuned.

Let me close with a few thoughts on moving forward.

We largely know how to effectively operate the transportation system. But in order to make it happen we need to want to do it, overcome some significant organizational and institutional issues, and put a solid foundation – a fully mature operations culture - in place.

Building this culture is not easy, but it certainly can be done. Hopefully this summit will provide an opportunity to further discuss some of the barriers that exist in Arizona and provide ideas for you as you move forward. FHWA will continue to support any strategies, action items and next steps that come out of this summit and the other activities we've helped sponsor this week.

Thanks again for inviting me and I'd be happy to answer any questions you may have, either now or as today's session progresses.