

Draft Testimony for Dan Tangherlini, Director, District of Columbia Department of Transportation

Before the US House of Representatives Committee on Government Reform,  
Subcommittee on Energy Policy, Natural Resources and Regulatory Affairs  
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Chairman Ose and Members of the Committee, my name is Dan Tangherlini. I am the Director of the District of Columbia Department of Transportation. Thank you for inviting me here today to testify on the topic of private sector participation in transportation, especially regarding Phases 1 and 2 of the Downtown Circulator.

First, I would like to give you some context of DDOT and the amount of work that we do with the federal government and with the private sector. In FY 2003, the last year on which we have closed the books, DDOT spent \$42 million of local funds and \$200.4 million of federal funds on road, bridge and highway construction and maintenance. Of that sum, 90% was contracted out to the private sector. Since Mayor Anthony Williams took office in 1999, the amount of contracting to the private sector has increased from \$110.4 million to \$219.9 million, or a 100% increase. In addition, the DC Public School System spends \$48 million per year on special education student transportation—virtually all of it contracted out to the private sector. With respect to general public transportation, the District subsidizes Metrorail and Metrobus service through the Washington Metropolitan Area Transit Authority (WMATA) that was established by Congress under an Interstate Compact decades ago, and which has made our regional transit service one of the most effective in the nation. Fully 40% of daily commute trips to and from downtown are provided by WMATA at affordable prices to the consumer.

The Williams administration and my department are committed to ensuring that the District's citizens get the most value out of each transportation dollar spent on their behalf and we are very proud of our record.

With respect to the Downtown Circulator, I would like to provide you with some history for context and then update the committee on where we are today, how we plan to proceed, and how the District Department of Transportation and our partners have been trying to assure the private sector that we will be working with them in the coming years.

The idea for a Downtown Circulator was developed by the National Capital Planning Commission as part of its Legacy Plan long-range vision plan for the Nation's Capital completed in 1997. This federal agency is tasked with ensuring that the nation's capital's workers, residents and visitors can get around the city as quickly and easily as possible. They saw on the horizon a need for much expanded public transportation options in order to link popular destinations for an ever-growing population in the downtown core.

Everything foreseen by the NCPC has been confirmed by local studies over the last decade. Downtown DC has added approximately 9.5 million square feet of office space

since 1998. There are 3000 new residents living in and near the downtown. Another 3000 new residents will be moving in in 2005. During this same period we have added an enormous amount of cultural and entertainment space and are attracting millions more visitors than we were just 8 years ago. In short, the District has added a city the size of downtown Denver (30M sq. feet of space) in the last decade, while we have eliminated 70% of all short term surface parking, reduced available roadways through security closures, and we have not added a single bus route to help people move about downtown. The city's transit service has focused on bringing people from surrounding communities and neighborhoods into and out of the downtown. Last month the annual Texas Transportation Institute study of congestion placed Greater Washington with the third worst congestion in the country, after Los Angeles and San Francisco (by only 1.4 minutes of delay per person per day). Many of the people clogging suburban roadways are coming into the District, and may be encouraged to take public transportation if we do a better job of providing surface links. Finally, the National Park Service provided us with invaluable data earlier this year on the unmet demand for transportation by visitors to downtown DC. The Park Service survey found that fully 71%, representing millions of people per year, would like to use an inexpensive non-interpretive bus service if one were available.

In late 1998 the Downtown DC Business Improvement District – a group of downtown property owners, developers, and business leaders took the NCPC idea and began to develop it. They hired Parsons Brinkerhoff, a leading private sector transportation consulting firm, to develop a feasibility study. They also contacted a number of local and federal agencies and private sector groups to gauge their interest in such a service. I should note that the Downtown BID staff included a former deputy transportation secretary from the state of Connecticut and a professional transportation planner. DDOT's predecessor agency, the Department of Public Works, became involved in the project at that time. The idea for a Downtown Circulator was widely embraced by downtown business interests, a number of federal agencies including GSA and the NCPC, the Mayor and the DC Council.

The plans for the Circulator have evolved over the years. The planning group attempted to be as creative as possible to solve as many problems of congestion, access and mobility as possible. As ideas were tested and discussed we were able to develop a realistic plan of action that includes two phases of service. One that can be developed independently by DDOT with its existing partners, and a second phase that could be developed in conjunction with the private sector and the National Park Service.

The Downtown Circulator is designed to be low cost (introductory fares will be \$.50 per ride), very frequent (every 5 to 7 minutes), and faster than other public transportation due to less frequent stops and innovations such as off-vehicle fare purchase, and boarding through multiple vehicle doors. It will not provide interpretive service. While the routes, fares and timing are designed to encourage use by visitors as well as workers and residents, it is not designed to compete with any interpretive service. It is simply high quality general-purpose public transportation—comparable to other transit service provided by WMATA.

Phase I of the Circulator which is scheduled to begin in the spring of 2005 has a route to link Union Station with Georgetown via the new residential neighborhood growing up along Massachusetts Avenue, the Convention Center and the K Street commercial corridor. A second route connects the convention center with the Waterfront via downtown and the National Mall. Neither route is well served by frequent, inexpensive, short-haul bus service at present. Combined they are expected to generate over four million annual trips for residents, workers and visitors. Our analysis indicates that this service is unlikely to divert riders from existing transportation services.

Phase II routes, which seem to be the ones that have generated the most concern from private sector operators, would link the downtown business district with Union Station, the Capitol, the Mall, the Westend government and commercial office center, the White House and the monuments area.

Private sector representatives first approached the Circulator planners about two years ago. Lobbyists from the American Bus Association, and operators such as Old Town Trolley, Yellow Transportation and Martz contacted us for information about the Circulator. We have always been happy to share with them the best information we had at the time because, until about a year ago, we had hoped to compete this service through a competitive bid process. We have notified private transportation providers of our intent to implement the Circulator at annual meetings of the Private Transportation Providers Task Force sponsored by the Metropolitan Washington Council of Governments, most recently at the May 4, 2004 meeting of that group—without any expression of interest in private sector participation from its members. We have also met with representatives of the ABA and the United Motorcoach Association, most recently on July 26, 2004, to express our willingness to consider private sector participation in operation of the Circulator. I am submitting for the record two letters to these representatives of private sector groups that reiterate this point and once again promise that if Phase II service were to be offered it should be competitively bid out.

As I mentioned, it was always my desire to bid out Phase I as well, however, until just last week, this was not an available option. For several years the Circulator partners have been working to raise the necessary capital and operating funds for the new service. We spent a couple of years trying to raise the funds both with the Administration and here on Capital Hill but were unsuccessful. Finally, about two years ago, we reached an agreement that in exchange for the District purchasing the buses, operations would be funded with contributions from the business community, the DC government and the federal government. We decided to use funds from a 1960's lawsuit (Democratic Central Committee of the District of Columbia et. al. v. Wash. Metro and Transit Commission et. al.), commonly called the DC Transit Riders' Fund case, to purchase the buses. We believed that a major restriction on the use of these funds was that the buses had to be owned and operated by WMATA. We were of the opinion that we would have to contract with WMATA to operate any bus service provided with vehicles purchased from the DC Riders' Fund.

Just last week I had a conversation with WMATA's General Manager and we agreed to explore how we might arrange for the operation of these buses to permit managed competition. Three options appear to be possible: WMATA could operate and maintain the service as conventional local bus service subsidized by the District (this is our current proposal); WMATA could sub-contract the operation and maintenance of the service to a private provider; or WMATA could lease the vehicles to DC so that operation and maintenance of the service could be contracted to a private provider under a DC government contract. I am completely agreeable to the possibility of private sector participation in the future operation of the Circulator as long as we can begin service on the street by this March. We have committed to be up and running this spring and we have no desire to let this goal slip.

There is one other major issue we are addressing with respect to Phase II of the circulator. We have been in discussions with the National Park Service for several years about the transportation options that they offer to residents and visitors who want to visit the national Mall and monuments areas. There has been no public transportation in these areas for decades. In fact, there has been only one transportation provider sanctioned by the Park Service as a franchise operator since the early days of the Nixon Administration. Other operators who try to compete for tourist business on the Mall are not allowed to collect fares or advertise their services anywhere on the Mall or Monuments areas. With an average daily adult fare of \$20 per person, interpretive transportation services are not affordable by many, not used by the millions of people who live and work in the Washington region, and rarely used for more than a single day by visitors. This leaves the vast majority of visitors to our national treasures with no affordable or convenient transportation options between destinations.

I have also attached a letter from the Downtown DC BID to the National Park Service in response to the Park Service's planning for the future of transportation on the Mall. This letter encourages the National Park Service to open these areas up to real competition, and to welcome a public transportation alternative. I believe that this type of competition is the best way to provide high quality service and to meet the needs of all those who need, or wish, to visit downtown destinations.

In conclusion, the District government and its public and private partners have worked hard with the private sector to include them in every project we have done over the last several years. Despite the fact that there is no FTA funding being used to support Phase I of the Circulator we are committed to work with private sector operators to the extent we are able.

I very much appreciate the opportunity to appear before you today and welcome any questions that you may have.