

THE BROOKINGS INSTITUTION

REMAKING THE SUBURBS IN A CARBON-CONSTRAINED WORLD:  
A CASE STUDY OF MARYLAND'S PURPLE LINE

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**Introduction:**

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**Moderator:**

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**Panelists:**

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## PROCEEDINGS

MR. EBINGER: Good morning, ladies and gentlemen. I'm Charlie Ebinger, the Director of Brookings' Energy and Security Initiative. We want to welcome all of you here this morning. And I particularly want to say how pleased the Energy Security Initiative Program is to hold this session in conjunction with our colleagues in the Metropolitan Policy Studies Program because we see the issue as represented by the Purple Line as having a much greater significance for the nation as a host of communities around the country look at futuristic transportation options. So we're hoping at this session not only to discuss obviously the pros and cons and different people's views of the Purple Line, but also to cast it in the bigger context of what we need to do for our energy policy around the country, particularly as it relates to the transportation sector.

It's hard to believe that just a few months ago we were looking at \$4+ gasoline prices. People were reeling. People were hurting in their pocketbooks and their lack of disposable income. And today around the country as I looked this morning, we have an average gasoline price of about \$1.84. It's not quite that low at least where I live in Washington, but around the country. And, of course, this is changing a lot of people's perceptions about what we need to do, both in our personal

transportation use and in our metropolitan transportation development for the future. But I want to highlight that our country's at a pivotal point right now. Even though we have, and many of us are enthusiastic about the prospects of a new administration, the reality in this country apart from controversial transportation projects like the Purple Line, the reality in this country is that since 1979, we have not been able to build a new nuclear power facility in this country. We have not been able to build a new grassroots refinery. We continue to have opposition to liquefied natural gas import terminals, and offshore oil and gas drilling. And on any one of these issues, there are perfectly good arguments for opposing such projects. But the combination of these forces and the lack of government's willingness to take on some tough choices, leads to the situation we are in today where we have nearly a total impasse on every aspect of energy policy.

So within that context, I would like to introduce our moderator for our panel, Rob Puentes, who is a Fellow in our Metropolitan Studies Program, and he focuses particularly in his research on the broad array of policies and issues related to metropolitan growth and development. He's an expert on transportation and infrastructure, urban planning, growth management, suburban issues, and housing. So with great pleasure, I introduce Rob who will in turn introduce our other

panelists, and we look forward to a lively discussion and thank you all for coming this morning.

MR. PUENTES: Thank you very much, Charles. Can you folks hear me? Okay. Just yell and I'll talk a little louder. Again, I'm Rob Puentes. I'm with the Metro Program. I direct the Metropolitan Infrastructure Initiative at our Metropolitan Policy Program. Infrastructure for a long time was kind of this issue that lived in the back rooms and the boardrooms of the highway and the transportation establishment, but boy, we're really seeing it kind of splashed around the front pages of the newspapers every day, part and parcel of larger conversations around stimulus, and other things that I think we're going to talk about here today.

What we want to do with this event, as Charles has set it up very well, was to talk about how the Purple Line can be used as a case study to some of the larger debates that are going on around the country. It is right here in our backyard. It is here in a very important metropolitan area. It is taking place -- or trying to take place -- in the inner ring, these first suburbs as we call them where a lot of the major issues related to the challenges facing metropolitan areas today are being played out in a very interesting and a very real way. I don't want to get into the details of the project itself. I think folks in the room are kind of self selecting and I think folks generally know what it is we're talking about, but just briefly the

Purple Line is a proposed 16-mile, 21- or 22-station -- I'm not sure, 21 or 22 -- east-west rapid-transit line extending inside the Beltway generally from Bethesda in Montgomery County all the way around to New Carrollton out in Prince George's County. It will either be a light rail or a bus rapid transit program. The costs run from -- I don't know the bottom number -- but to about \$1.6 billion I think is the current estimates today. We'll get all into the details of the project in just a minute. And you can read probably a lot of the details that are being hashed out again in the newspapers. The project is currently undergoing a review of alternatives, an environmental impact assessment I think is where it is right now. So this is a very real, a very live, and a very visible transportation project. And it's very helpful then to use that not just here in this region. This is absolutely not something that affects simply that corridor between Bethesda, College Park, and New Carrollton. It affects the whole metropolitan area and the reason we want to bring folks today is that I think it does affect the nation as a whole. Why we wanted to hold this event is because it does provide this excellent case study. At the Brookings Institution's Metropolitan Policy Program, we have engaged in a larger effort called the Blueprint for American Prosperity, which is based on the simple premise that we are a metropolitan nation, and it's time we started acting like one. There are handouts there in the back. You can

take them as you leave. But we do all this work not just here in federal Washington in the siloed world inside the Beltway -- which is kind of its own different planet-- but we do work in metropolitan areas all across the country. People can see, I think, right through a made-in-Washington approach every single time. So when we go into these metros, we work with groups of civic, corporate, and philanthropic leaders. We try to figure out what it is that they're most interested in. Where are these innovations that are bubbling up in localities and metros all across the country? And invariably, the number one issue they want to talk about lately is transportation. We brought these folks together back in June, and I don't think any metropolitan area didn't have transportation as the number one and sometimes number two issue. It's always at the top of the list for obvious reasons I think which we can talk about. But when we say "metropolitan," we're obviously not just referring to cities and urban areas, but to the suburbs as well. And there are some who believe that remaking our suburbs to deal with some of the tremendously challenging things that the nation is facing on the housing front, environment, energy -- remaking these suburbs is going to be one of the biggest challenges this nation has going for it here in the coming decades. As I think folks are aware, cities and suburbs and metros across the country are looking to provide their citizens with public transportation alternatives to personal automobile

travel. There are many factors I think are that are beyond just the gas prices that Charles talked about that are reinforcing this interest in transit, including the evidence around transit-oriented development, about how we're going to accommodate the growth that is projected for this country over the next couple of decades, the growing sense of urgency to tackle climate change, the awareness of our dependence on oil that leaves our energy security at risk, a lot of things that Charles already kind of teed up. But again, tackling these issues in cities is one thing, tackling them on the suburban fringe and rural areas is another thing, but tackling them in suburban areas I think brings with it a whole host of challenges, and I think folks in this room are well acquainted with that and are seeing this played out in Montgomery County today.

So it's those issues that we really want to discuss and lay out here today. I'm hoping that we can focus more on the macro issues, again things that make this, you know, part of the conversation today, and things that are transferrable elsewhere in the country, elsewhere in the nation. I think there are also things that are happening in the nation that we'll talk about as well that can help inform the conversation here about the Purple Line. We're not going to solve all of these problems today. I'm hoping that we don't get into the really, really micro issues that are intractable in a lot of cases, but that we can talk more of a high level from



a policy perspective. It's okay. We're works. We don't really mind getting into some of those kinds of details. This is an extremely well-formed and expert room of transportation, economic development, and environmental experts. So we are going to hear from the panelists, but we do also want to hear from you. We're going to have ample time for questions and for comments from folks here.

So without further ado -- that was probably too much for me - - let me just introduce the panelists very quickly. I'll go in order. Governor Martin O'Malley appointed Secretary John Porcari as the Secretary of the Maryland DOT in 2007? January of 2007. MDOT includes the five modal administrations -- boy, I can't think what they are -- transit, highways, ports, aviation, and motor vehicles. There are 9000 employees, about a \$4 billion annual budget, and also the Maryland Transportation Authority. Secretary Porcari held that position from 1999 to 2003. In between he had posts as the -- or had a post -- as a vice president for administrative affairs at the University of Maryland, College Park. For those of you who know DOT secretaries, I think Secretary Porcari is cut from a different cloth. He has a broad background in business and economic development, environmental planning, public policy -- imagine that -- and he's a supporter of the state's Smart Growth Policies. If we had 49 other

state DOT secretaries like him, I think this country would be at a very different place.

My colleague, Chris Leinberger, is next to him. He has a very extensive bio. I'll just -- I thought I could do extemporaneously, there's a lot to talk about. He's a land use strategist, teacher, researcher, consultant, developer -- he of many, many hats. Which hat is he wearing today? It's never clear. He's a Visiting Fellow at the Metropolitan Policy Program, focusing on downtown and suburban town center development. Though he's a developer, he knows more about transportation and transportation policy than almost anyone I know. He's recently established an advocacy organization of progressive developers who are thinking differently about transportation. This isn't about opening up green field land for development, but as Chris always says -- and he'll probably say I'm stepping on his line -- that transportation drives development, and he and his colleagues think very, very differently about that.

Last, but not least, Marc Berry Elrich is a member of the Montgomery County Council where he's been since November of 2006 where he serves as an at-large member. There are two or three other at-large members in the county. He was formerly a member of the Takoma Park City Council to which he was elected ten times. He's formerly a teacher, fifth grade teacher -- I have fourth graders, I can't imagine. He

earned his master's in teaching from Johns Hopkins. Councilman Elrich is a thoughtful, pragmatic leader who has developed an expertise in transportation, planning, economic development, and all those things while serving on the Montgomery County Transportation Policy Task Force, Silver Spring Redevelopment Task Force, and on a county advisory committee reviewing the sector plan. Those of you who work on the local level, we know that that is not easy work by any stretch of the imagination.

So there are more bios that are in the back. I'll go ahead and stop there and just turn it over to the panelists. We had a federal person who was going to be helping us here on the panel. They had to cancel at the last minute, but the intention of these panelists here was to have folks who could talk about this project and then reflect on some of the national things from these different levels of government. From the federal level, which I think we'll still be able to get through, the state level, local level, and then Chris is going to help us out in the private sector pieces.

When we start talking about transportation and talking about some of the big policy issues, I think this issue of federalism and who's supposed to be doing what, and what the proper roles are for these different levels of government is going to be very important as we have

extremely constrained budgets and then the fiscal reality is that we know the federal government and the states and localities are facing. Sorting this out I think is going to be very important as we go forward. So, let me turn over to Secretary Porcari to start, and we'll just be very general at first before we get into some of the controversial issues. But why the Purple Line today? What is the state's role or the state's interest in this particular project, again, not the alignments or any of the details, but this type of project in general here in the Montgomery County suburbs?

SECRETARY PORCARI: It's a fair question, Rob, and good morning, everybody. Can you hear me in back? Okay. The Purple Line is fundamentally different than any transit project that we've been involved in. And by way of background, Maryland's in the middle of pushing three New Starts projects at the same time. We've never done that before. People have asked us why don't we do one at a time? I think if you look at the state of Maryland, you have your answer, which is we'd do one project a generation if we didn't get more aggressive about it. But the Purple Line does something fundamentally different than the existing Metro System, which was brilliantly conceived in its day, but is a hub-and-spoke operation. The majority of trips have been suburb to suburb for years now. The Purple Line is the first time that we'll have circumferential transit. It connects four Metro lines in Montgomery Country to and from

Prince George's, all three of our marked commuter rail lines and Amtrak. So, it's the kind of connectivity -- in short, it's the kind of connectivity that we don't have in the Metro System in the Maryland suburbs. In addition, if you travel in that part of Montgomery and Prince George's County during peak hours, you know that their east-west mobility is very limited today. We have basically one state road, Route 410, the east-west highway. What you see is what you get, and as congested as it is today, it's going to be far worse in the future. So, setting aside for a second the fact that it's a transit project, think of it as the only new capacity transportation project, east-west, in the Maryland suburbs of Washington. And that starts to give you a sense of why it's important to us.

In a larger sense, it gives us a chance to really connect land-use planning and transportation. Those sometimes are two things flying in loose formation. They really need to be joined at the hip. And Montgomery County and Prince George's County -- Montgomery in particular -- have done a great job over the years of treating their master plan almost as a religion and preserving right of way, directing development, encouraging growth where it belongs. If you look at what's going on in the EIS process with the Purple Line, we're actually trying to marry those things together, where we're trying to be consistent with the master plans and growth plans of two of the fastest growing jurisdictions in

Maryland and providing that transit connectivity at the same time. If you layer on it on top of that, transit-oriented development, which is a major policy goal of Governor O'Malley, and it is something from a transportation perspective we're trying to bring all our resources to bear on, then you start to get the sense of why the Purple Line is so important to us.

Now because we're going through this same federal process with three different projects, two in the Washington area, one in the Baltimore metro area at the same time, it leads to some pretty interesting perspectives. And if you ask me to summarize what the New Starts Program is about, I would say it's very good at its current purpose, which is to limit federal financial participation in transit. It does a very good job of that. If your larger policy objectives are to provide a balanced transportation system, the New Starts Program doesn't work. And some of the things that I wanted to briefly mention that apply to the Purple Line apply to our other two projects, and in fact around the country apply to New Starts projects. And let me start with the good news. A lot of how the process works at the federal level and the federal-state interrelationship, financial and otherwise, is administrative. In other words, it doesn't take legislation to change it. It takes the will to change it. And it's things as basic as a maximum of 50 percent federal funding. And I know that some projects have crept above that, but generally today the

most you can hope for is 50 percent federal funding, even though 80 percent federal funding is clearly allowed in the New Starts Program. That program is supposed to evaluate a number of factors, and these are very important factors. And quite frankly, we would weight these factors differently than the federal government does. Things like mobility, environmental considerations, land use, economic development, and cost effectiveness. Those are some of the major criteria. But in practice, the one that matters, the gatekeeper, the yes/no, is cost effectiveness. And if you don't meet the FTA's criteria which is self-imposed for cost effectiveness, you'll never get to the other issues. You'll never get to transit-oriented development, linking land-use planning and transportation. Cost effectiveness is essentially a pass/fail measure. So in theory, the way the program is written, a project on cost effectiveness could have a low-to-medium rating or even a low rating, and the other things like land use, environmental considerations, mobility, could balance it out. In practice, that doesn't happen. I would argue that that balanced approach, where you're looking at all the other factors, is really critical throughout the country as we're thinking about these projects. It shouldn't be a pass/fail. In Maryland where transit-oriented development is a major part of our transportation program -- just by way of background, our General Assembly passed legislation that the Governor pushed last year that

defined transit-oriented development as a transportation use. Now it doesn't sound too exciting, but it's both symbolic and substantive. It's symbolic in the sense that it puts transit-oriented development on an equal footing in getting funding from our transportation trust fund, the same as highway construction or anything else. On the substantive side, it helps us at some of our transit stations clear up some of the land title issues where if, for example, we've used our state Highway Administration to buy land at a Metro station as part of the road network for it. It clarifies the title issues to let us use it for transit-oriented development. So, that's an indication of how serious we are about it, and how whether it's the Purple Line or any other transit project, it's not just a transit project. It's a mobility system. It's an integral part of the land-use partnership, which is done at the local level, at the county level, but I think very successfully integrates it in this case. And the federal criteria that looks at all of those factors, was part of a public comment process about a year ago where, you know, clearly there's a ground swell from jurisdictions throughout the country that we needed a more sophisticated and a more holistic way of looking at funding transit projects. I'm sorry our FTA representative isn't here today because I -- my observation would be, despite a lot of public input on a better New Starts process, none of those changes have taken place. And it's no secret that many of us are very excited about the incoming



administration and their views on transit because it provides that kind of opportunity for a better and more integrated process.

There's a lot of other technical issues related to the New Starts process. In the interest of time, I won't go through them all. But if you have one takeaway from this, it's two-fold: One, integrating land-use planning and transportation really should be if not the prime consideration in New Starts funding, it should be one of the major ones. And the second one is we, collectively, have the ability to change this very quickly. And if transit systems in our suburban areas in particular which don't have the same ridership numbers as our central business districts, if we're going to be successful in those systems, we clearly need to think differently.

MR. PUENTES: That's great. That's teed up so many issues. I've been scratching notes here. I'll have to get back to all of this in a minute. I do appreciate the -- especially the technical details. And again, we're works; I think we can get into some of those things in a minute.

I do want to turn over -- I'm going to skip Chris and go to Mr. Elrich. Secretary Porcari teed up a lot, again, a lot of great issues. I know you -- I don't want you to speak for the Council necessarily, but you have a ton of expertise obviously in this area of transportation. You've done a lot of work on the local level and the neighborhood level. Montgomery

County when we look nationally really, as Secretary Porcari said, is a leader in looking at these issues kind of different or from a more thoughtful, kind of progressive way. Can you talk just quickly then or briefly about the county's interest in an east-west transit line? What is happening in the county today that makes the discussion about transit, for the Purple Line in particular, important to a growing county? It's a county that's redeveloping. What is -- why are the neighborhoods and the County Council itself interested in this particular project or projects like this?

SPEAKER: And trust us, there is no press here.

COUNCILMAN ELRICH: Yeah, I'm sure there isn't. I'll start by saying that I'm not going to speak for the Council. I could not possibly speak for the Council. And I think that I'd not be honest if I didn't say that my views have somewhat altered a little bit on this, in part because of the DIS put out by the state. I think the questions you raise and the DIS, which is the draft environmental impact statement, actually made me think a little bit about some of the conclusions I'd reached before. I'll say straight out that I do support the Purple Line, and I do think it should be built. And I think there's probably large agreement throughout the route of the Purple Line that there should be a Purple Line built. There's disagreement over the mode, and there's some disagreement over in particular sighting and tracking issues. But I think if you ask most people,

whether it's in Bethesda, Chevy Chase, or in Silver Spring, or in Prince George's County, and you say should you build this thing, people would say "yes." I think the devil's always in the details. Unfortunately I think you've raised more devilish details. I think in part you know that the project is oversold in some ways, but it's fundamentally a sound project. And if you look at the ridership numbers, and you look at who's expected to use the Purple Line, this doesn't look like an economic driver for where it's going to go. It's basically moving people who are already using buses out of buses onto transit. It does get some outer usage reduced, but it's primarily changing people who ride a very inefficient bus system in Montgomery County and Prince George's County, and gives them much better connectivity. And that's a good thing. We've built roads for the last God knows how many years just to improve intersection and improve people's time to get from point A to point B. So it seems to me it's equally legitimate to do that for transit projects. That's not a bad purpose. Whether it's going to be a massive economic stimulus, I'm not quite so sure because it really doesn't remove that much traffic from existing roads. And the biggest bottleneck that we have in the county is the inability to move people in and out of our development cores, and that's not going to be solved by the Purple Line alone. So I think it has merit. I think it raises some issues. I think though the one thing that struck me most in the DIS,

and I've had the hardest time struggling with it. I haven't made up my mind what I'm going to do, and there are a lot of reasons to take a unanimous position on the Council, but the biggest conundrum for me is if you take an analysis, you look at the medium BRT, bus rapid transit, with an extension to BRAC. And you look at medium-light rail. Well, the medium-light rail is, you know, \$1.23 billion and it's 62,000 riders, and the medium BRT to BRAC is 58,000 riders and \$585 million. And I'm looking at a \$645 million difference for a net increase of about 4000 riders, and I'm thinking I could build the Corridor Cities Transitway with that and have \$200 million left over. Now the Corridor Cities Transitway is in the upper part of the county where there is no transit service, so the ridership on the CCT is going to be predominantly people coming out of cars. So if you're talking about the carbon impact and, you know, the whole issue of CO2 and fuel changes, you could build two routes, have \$200 million left over, and move 90,000 people, or you can build the Purple Line for \$1.2 billion and move 62,000 people and, you know, mostly people who are coming off existing buses and then going to the Purple Line. I struggling with that because if Montgomery County takes one position and Prince George's County takes a different position, we may well get nothing. And getting nothing would be a very, very bad outcome. But I think that's the kind of discussion we really need to think about. And I think it's unfortunate that

your predecessor proposed a BRT system that was a joke. It was basically more buses on University Boulevard and more buses on the east-west highway and everybody said this isn't bus rapid transit, this is rapid nothing because you're stuck in the same traffic as everything else and that's your options. And it was a slam dunk to pick light rail over that as an option, but your staff I think provided a very legitimate comparison between decent BRT and decent light rail. And I think it makes -- it gives you pause. It's certainly has given me pause in terms of what's the right place to go on this. And it gets back, I think, also to the money issue. I don't think whoever is the President is just simply going to start pouring money out there. A, we don't have an unlimited amount of money no matter who the President is. We don't have -- we have massive needs in this country, not just for new projects like this, but just to maintain our bridges and our existing road system. And there are jurisdictions all over the place that want transit systems added and should have transit systems added. So I don't -- I'm not sitting here thinking great, Obama's President, the Heavens have opened out and all the money in the world's going to drop on Montgomery County. And the reality is -- and this gets to something that I started last year. We have a growth policy in Montgomery County, and we struggled mightily to, you know, look at what's the right policy and how do you deal with congestion and how do

you deal with -- you want development in the cores, but if you have too much development in the core without any way to bring people there but the automobile, you're basically going to destroy the core. And because Montgomery County has no grid system, you force everybody out onto the main highways. So you just don't mess up -- it's not like I can say I'm going to do all this extensive development in downtown Silver Spring and Bethesda and it will look like a city. It will travel like a city. It won't go anywhere very fast, that's fine. The problem is when they leave those cores, they go out on two roads. And all that traffic ends with these two roads and the entire road becomes a parking lot. And so we struggle with that. You know, and I looked at the numbers we were dealing with and I thought well, if you're really honest about wanting to stop gridlock, you're not going to have much development in Montgomery County. If you don't have much development, you don't get much new revenue. If you don't get much new revenue, I don't get to fund my favorite social programs. So there's the need for, you know, being able to maintain revenue generation. And my aide and I started looking around and I had drawn on some of the work that was done by other people, particularly on the Transportation Policy Review Task Force, looking at organized destination patterns in the county. And realizing that one of the benefits of sprawl -- if sprawl has any benefit -- is that it's located people in one place where they live and they

work someplace else, it means that you have one-directional travel in the morning and, you know, opposite direction in the evening. And is there any way to take advantage of that? And one thing that struck us is we could build a network of bus rapid transit across the county that could take advantage of, you know, needing to move buses in one lane in the peak direction, and run the buses back and reverse the lane and take them back in the other direction. What are the options and what are the possibilities. So when I look at the Purple Line, I don't see it by itself as a solution to anything. It's not going to remake the suburb. If we do the Purple Line and you do the CCT and you do the ICC as a road, you really haven't solved any of Montgomery County's transportation problems. You've done a couple of links, but what you really need is a network in Montgomery County. You need to move people from the population centers to the job centers and be able to get them back. And networks are a lot more effective than individual links by themselves. And the question I've been looking at is how do you -- how could you build that network? What would the network look like? What would it cost to do such a thing? And I've spent the last six months working with the development community and, you know, also working meetings with civics and with people in the transportation side of things to see what would be possible to put together. So I guess, you know, it leaves me in the

position of saying you ought to do the Purple Line. It ought to be part of the network. We shouldn't oversell it for the things that it's not going to do, and we ought to look very carefully at the amount of money we spend. As activists, we've pushed the state -- and I was very gratified to hear Neil Peterson the other night say two things we've asked the state to acknowledge. One is the roads; our transportation infrastructure, not just vehicle infrastructure. That's a big mind shift. And that intersections, the way you measure an intersection, shouldn't just be vehicle throughput, but people throughput. In other words, not just look at the number of cars that went through the intersection, but how many people do you move through the intersection because the minute you start talking about people through an intersection rather than cars through an intersection, you open it up to look at other transit options. I would just say that as a corollary, we ought to ask the question what's the most effective dollars per passenger? You know, how many passengers can I move per dollar? Because I think as long as we live in the real world, dollars are always going to be the constraining thing, and we should always be looking for how do we move the most passengers for the number of dollars we have.

So these are the kinds of things I'm struggling with. I haven't reached any hard conclusions, but I've seen both sides of this and, you know, sometimes you wish they'd stop giving you new information so you



can stop thinking about things. I wish you had brought Flannigan's proposal forward so I could say, oh, what a terrible idea that is. Unfortunately, you didn't, and so now I'm stuck saying well, you know I've got to consider this information.

MR. PUENTES: When you're thoughtful, you do struggle with these things because there really are a lot of issues. I think that the point is right, that overselling this project or any transit project is a danger. We see this, I think, nationally where all kinds of transportation projects are sold as the solutions to everything. And it may have been Chris that said this, but there are no really transportation answers to transportation problems. We know that these are kind of -- that you need a holistic kind of approach, and I think that's a good kind of set up for Chris and his comments. Let's drill into that piece particularly. I think the Councilmember is right, that there is -- we have limited resources. I mean that there's definitely not unlimited money. How do we think differently then about transit, about the role of transit here in the 21st century, and solving some of the challenges that the Councilmember brought up?

MR. LEINBERGER: Well, recognize that my point of view is from a real estate developer and that I am looking at it as a -- not as a transportation issue, but as a development, you know, broad issue. A little context: One is just so you know what we're talking about, we're not

talking about just transportation, we're talking about all development. And the built environment -- your homes, this building, the street in front of us, the Metro System -- represents over 35 percent of the assets of the country, by far the largest asset class. And if you want to know the power of this asset class, just look at your headlines today. You know, we in real estate have managed to drive this economy into recession four out of the last six times, two out of the last three times, and including this recession. And so if we're not -- so development's going to drive us out of this recession as well because it's the biggest asset class. Second thing is that transportation -- and Rob loves it when I say this and believe me, he didn't pay me -- transportation drives development. That there are 15 infrastructure categories, transportation is first among equal. It dictates what we in real estate can build. And if we build a highway-oriented system like we've been doing over the last 60 years, we're going to get "drivable suburban" development. If we build transit plus highways, we get a mixed system which includes the alternative to drivable suburban which is "walkable urban," which is what you get when you walk outside of the doors here. High density, mixed use, but at its base, it's walkable. The other thing to note about transportation is that the research so far shows that rail transit is what middle-class Americans will accept. They do not accept buses. Hopefully that will change, but right now there's no

research that demonstrates that BRT even drives a middle-class flocking to buses. How we've been dealing with buses in this country is that we should put a sign over all bus doors that say "only ye who are poor should enter." We'd run a miserable bus system, and as a result, middle-class folks don't ride it for the most part. But they will ride rail transit for all sorts of reasons. So there's just a market factor. It could change, but we have no evidence. And most importantly from a real estate point of view, my developer colleagues and the investors that back us don't invest around bus stations. They don't invest around bus stops. We invest around rail stations because that brings me to the next point which is that the transportation business is not to move people. It is not the purpose of a transportation system. The purpose of a transportation system is to build value, and the means by which you do that is by moving people. But it is around the stations that the value is being created, and unbelievable value is being created around those stations. Some stunning value and I'll come back to that in just one second.

The other thing to note from an environmental point of view and from an energy point of view, is that -- and we're just coming to these numbers here at Brookings now, so these are somewhat preliminary -- but we do know, and most of you in this room know, that the built environment uses 70 percent of the energy in this country both to move people and to

heat and cool our buildings. It also produces, therefore, 70 percent of the CO2 that we emit. There is a -- and this is what is just tentatively coming out of Brookings -- there's a 4:1 ratio between a drivable suburban household and a walkable urban. There's a huge lever that the drivable suburban -- and this is intuitive, of course, when you drive everywhere, it's intuitive -- that a drivable suburban household uses four times the energy and emits four times the CO2 as a walkable urban household. Huge lever. It should be given that it's over 70 percent usage factor, this is the number one way we're going to deal with climate change and the number one way we're going to deal with energy security in this country.

Another broad context setter is there's pent-up market demand for walkable urban product. A huge pent-up demand that's going to take a generation to respond to. As a result of this huge pent-up demand -- and by the way, you know, it's somewhere in the range, depending on the metro area, between 30-50 percent of the households want to live in a walkable urban condition whether it be moderate density like around here at DuPont Circle, whether it be higher density like in, you know, downtown D.C., whether it be in a suburban setting like Reston Town Center, but 30-50 percent of us want it. In most metro areas, it's between 5-10 percent supplied. That's the pent-up demand. And that's what's driving prices up on a price-per-square-foot basis for walkable

urban product. That also, therefore, drives a major affordable housing problem. Now Montgomery County, of course, is the model in this country for how to aggressively approach affordable housing. Arlington County's also doing a great job of this same thing. I saw Chris Zimmerman back there, so I've got to plug him. And besides, Chris is as key to the Purple Line and to Metro as probably anybody. But D.C. actually is the model in this country of where we're going. One of the reasons I moved back here three or four years ago is because I came to realize that D.C.'s the model. We have more walkable urban places in this region than any other region in the country on a per-capita basis. There are 30 regionally significant, walkable urban places in this region, 20 that are at critical mass, 10 that are emerging. Twenty years ago we had two, and 90 percent of them are rail transit served. And the other interesting thing is that 70 percent of them are in the suburbs, 30 percent are in the central city. So, you know, probably as we build these places throughout the country, we're going to see in essence the transformation of the suburbs as well as a comeback of our center cities.

And then final context setting is Rob mentioned that I'm involved putting together a real estate developer who is working through the open land, BOMA, the Real Estate Roundtable, as well as individual developers to focus on the transportation and climate change bills coming

up next year. And you'll be happy to note that real estate developers recognize that we, the U.S., are broke and that to build this necessary infrastructure to satisfy the demand for walkable urban development, real estate developers are going to have to be part of the financial solution. And that real estate developers recognize there's huge value to capture, and that we're willing to participate in a joint venture method to pay for the transit. We're asking that it not be up front, by the way, because we're also broke, but that future cash flows will be shared with transit agencies to pay for those transit systems because we recognize there's a lot of value to create if the transit comes first because transportation drives development. So to address the Purple Line, to me it's pretty obvious that it should be built as a light rail, and that that's where the value is going to be created. It also is crucial that we need to transform the area around every station and put overlay zoning districts on top of every station so that anywhere from 100-300 acres, which is walking distance around those station, that it's legal to build high-density product. It's up to the public sector and to the neighborhoods around it to put a corral around that area, to increase the density in those regions, in those 100-300 acres. And then the developers will know what's expected of them. And we don't have to go out and do the brain damage of rezoning to make it legal to do what is right around rail transit, which is to build high-density walkable

urban product. Having done this so many times in my career and I get tired of always proposing things that are illegal. It gets old, so please make it legal, make the right thing easy rather than making the right thing hard. And the environmental community, the social justice community, should be on the barricades making this happen. Don't ask the real estate developers to change the law because for some reason, you all don't trust us in real estate. I don't know why. And going to the federal program, it's very simple. The federal program is not just broke, but it's broken and we need to throw it out. I mean we have to start from scratch. And I doubt if we're going to see anything like 80 percent funding from the feds. I don't think we're going to see 50 percent funding from the feds. We don't have it unless we really can con the Chinese into borrowing -- into lending us more money, because that's where it's coming from. What we need is a really aggressive value-capture program at the local level that will help service those bonds that will pay for the transit. The major thing we need from the feds besides -- you know, there can be city capital, there may be 20-30 percent match because that's what we have at best. But what we need from the feds is at least partial credit enhancement of the bonds. That believe it or not, the vast destruction of this reckless fiscal policy we've had in this country over the last decade, the one thing we do have is -- and again, the Chinese are foolish to still offer us this -- is that the full

faith and credit of the U.S. government still means something. And that's the thing we need to help make the transit work is to credit enhance the value capture coming out of these transit projects. Because again, there's tremendous value to be achieved, and we have to tap it. But the big missing link is the credit enhancement of those bonds.

MR. PORCARI: Chris, this is actually music to my ears in a lot of ways. And first, understand that on the Purple Line itself because we're in the EIS process, I have to be agnostic as to whether bus rapid transit or light rail, but the point has been made over and over similar to what you said that you really need to think long term, not the day that the facility opens, but long term. Look at New York City and how long those subway lines have been there. What is the best value capture over the long term, and if you're asking the private sector to risk a lot on the debt and equity side for these projects. Is it more likely to happen with a bus rapid transit project where in theory you could move the station every thirty days or fixed guide-way rail where you can make a reasonable assumption it's going to be the same alignment in the station 75 years from now? That's really important to us in Maryland. We're going to have 1.1 million more citizens in 20 years. We're basically going to go from about 5.4 to 6.5 million people. Today, without the Purple Line, without the other two projects, we have 111 existing transit stations in Maryland



between Metro, Mark, and the MTA system. If you do a half-mile circle around those existing stations, every one of those 1.1 million people could be accommodated. Again, that's without our new projects. So that's one reason why transit-oriented development is so important. You made a great point on the value capture for that. There's a lot of discussion about public-private partnerships, and it's been primarily a discussion about roads to this date. And what I think of as kind of the first generation public-private partnerships from my perspective were not very good deals for the public agencies. And I think some people should be pretty embarrassed by them. There's a second generation of highway public-private partnerships, more sophisticated, at least arguably make more sense, but think about the third generation. I think the future of public-private partnerships is transit and its equity participation. It's that long-term partnership, public and private that solved the single biggest problem in the transit part of our transportation system, which is the operating cost. You know, we're focused in the New Starts Program on capital money to build it. Well, then what happens? And we're seeing that today in the Metro System, the whole core capacity issue.

One other quick point, Marc, I know you're struggling with what the right way to go is with the Purple Line, and we have this rigid, almost soviet five-year-plan-type process of determining ridership under

New Starts. Well, that's a very, very conservative number. And what it doesn't take into account is what's going to happen over time. And you only have to look at the Metro system where it's a fantastic system. It's also a victim of its own success. And the decisions that were made early on for single tunnel in places where it should have been two, for not having switching capability between certain stations, for things as simple as putting the air conditioning packs under the cars so that you could have smaller tunnels and save a few dollars which kills us every day on the operating side. Those decisions are coming back to haunt us now. And what the New Starts Program doesn't even think about is those kinds of core capacity issues where you're not building for the year 2030 of the design year or 2020 or 2010. You really need to take a 50- or 75-year view and there's no way today to take that into account. Now again, you know, being agnostic on the mode here of the Purple Line, we really ought to think about that in the long term. And if you couple the two things, the long-term view and how you're steadily building ridership through connectivity, and the Purple Line 30 percent of the trips are from people getting out of cars. That's on the day you open it. And then the transit-oriented development where we know the growth is coming, we know the population is coming. And by the way, it's not people moving from

Missouri, it's our children. We want a place for them to live. We can do that around these stations.

COUNCILMAN ELRICH: A couple of things. One is I want to confirm with what both of them have said about the willingness of developers to participate. That's one thing that David made very clear to the Council on one particular master plan that we're looking at, but more generally in discussions I've had is the recognition that they're going to have to step up to the plate for things to actually get built. And I think that's critically important.

I guess a couple of things I would take issue with: One is that the bus rapid transit doesn't mean no fixed stations or stations that can be moved every thirty days. You can do bus rapid transit and guide ways and have fixed real stations, and we can take you to places around the world or in the United States where they're actually doing that and it lives, breathes, and functions like a rail system except it's genuine BRT. And you can go talk to the people in Cleveland along Euclid Avenue and they've actually gotten a significant amount of economic reinvestment there because of the BRT. So I don't think you have no examples. I think we have examples of rail and bus systems that have failed, and there are examples of rail and bus systems that have succeeded. And I think it's a matter of whether you get this thing right or not. But I think there's a -- we

keep talking about smart growth as the suburbs are going to disappear. And Montgomery County's about -- moving toward a million people, and we've got a couple of high-density places in Silver Spring and Bethesda. Most of Montgomery County is suburban development all the way out the 29 corridor and Olney and the rest of it. No one is going to build massive numbers of jobs there and turn them into livable, walkable, communities. That's not what the zoning is for. That's not what anybody intends to do. You know, there's one job center discussed on Route 29; Olney is never going to become a major job center. That's just not going to happen. And so you still have to move people from where they live to where we are pouring in the jobs, which are going to be FDA White Oak, maybe Shady Grove Life Sciences Center, stuff around Twin Brook and White Flint, and downtown Bethesda, and downtown Silver Spring. You've got to get people from where they live to there. A lot of this development's happening without the Purple Line. I mean, Bethesda's had no trouble getting massive development in the absence of the Purple Line. I don't expect this to stimulate a whole lot there, and I don't expect it frankly to stimulate a whole lot in Silver Spring, whereas it may stimulate stuff in Langley Park and other stops along in Prince George's County. But then you've got to ask yourself why haven't the Metro stations in Prince George's County had the kind of development you'd expect? Why would

you expect miracles for the Purple Line when they can't get decent levels of development in any of the other Metro stations in Prince George's County? I mean, again, I think this is a case of telling people you're going to get this grand vision over there, but so far it hasn't borne out in the optimum situation we're sitting on heavy rail. So I would contend that no matter what you do in terms of densifying the cores -- and we ought to do some of that -- you still have to move people from the suburban communities and you have to do it for a couple of reasons: One, you have to do something about CO2. You've got to -- you know, we haven't talked about this at all, but the whole purpose of transit and moving transit forward is not solely for additional development. One of the reasons we're getting people out of cars and onto transit is to knock down CO2 levels. Now the last time I checked we were in a global warming crisis. I mean, Chris and I saw the numbers last summer. You know, we do nothing, 48 percent increase in CO2 in this region. We adopt the Cal II standards, 22 percent increase in CO2. And we adopt a very aggressive standards beyond Cal II, a 16 percent increase in CO2. And that's by 2030, and we're supposed to be going back to 1990 levels. So say what you will about moving people to the core area or wanting to densify the core, it is incumbent on us to get most of the people who live in primarily suburban neighborhoods to get as many of those people out of cars and into transit

if we're going to have any chance at all of bringing down the CO2 numbers in this region because those neighborhoods are not really going to change. I mean, nobody on the Council has ever talked about going in to Olney or going up the 29 corridor or any of these other places and saying, you know, these nice suburban neighborhoods, we're going to tear down several blocks of it. We're going to put in massive high rises, we're going to grid the streets, and we're going to turn you into an urban center. That's not going to happen. And so I think we've got to be realistic about not only dealing with the cores, but dealing with the movement from where people live to where they work, and where they're going to continue to live and where they're going to continue to work.

MR. PUENTES: I'm going to get into these -- these issues I think are critical and I think folks in the audience are going to want to talk about this. The one thing that I want to make sure that we touch on before we get into questions is this issue of I guess the equity issue if you will. About a decade ago we put out a report here called "The Region Divided" where we looked at what was happening here in this metropolitan -- not federal Washington, but Washington region, and found there was this kind of north-south divide between where minority communities and those investments in kind of poverty alleviation where it was focused on the east side and a lot of the wealth creation and infrastructure investments were

on the west side. This project is in stark contrast to that in that it is east-west, and it cuts across that region divide. We've talked about development and some of the market opportunities in Montgomery County. But Councilmember Elrich, you talked about the fact that we have had rail investments in PG, in Prince George's County, but we haven't seen the same kind of redevelopment potential there. So and Chris teed up before and I'd like to see how we can tie some of these issues together before we jump back in.

MR. ELRICH: I want to just jump on that because at COG we had a recent discussion about our growth projections, and one of the disturbing things about the growth projections to a number of us around the table was that, you know, Montgomery County was projected to grow almost twice as many housing units or people and twice as many jobs as Prince George's County. Now Prince George's County is sitting on empty rail stations. They've got relatively underdeveloped, you know, places close in relative compared to Montgomery County. And yet the region's projections show Montgomery County absorbing the lion's share of population and the lion's share of jobs. That's not healthy for Prince George's County. There's an enormous outmigration of Prince George's County to work in other places. You know, some people would argue that you could fix the problem on the Beltway by having jobs in Prince

George's County because of the number of people that leave Prince George's County and travel around the Beltway. You wouldn't have to add a lane. You wouldn't have to do an intersection improvement. All you'd have to do is have jobs in Prince George's County and keep people in Prince George's County, which would make Prince George's County a healthier place. And so I would submit that to propose this as the panacea, the golden thing that's going to bring PG back to life, I think it's a complicated issue. I think, you know, it requires a more regionalistic approach to how we look at development. I mean, frankly, should Montgomery County try to grab every job that has a choice between Prince George's County and Montgomery County? I could raise the issue about the ICC. I mean the logic of the ICC is to make the I270 corridor closer to BWI. I keep looking at the maps and I keep saying, gosh, Prince George's County is a lot closer to BWI than -- and I don't need a road to connect Prince George's County to make it closer to BWI. It is closer to BWI. So I think it's complex in how you answer these questions. And I think that we really need to look at a selection -- maybe it's my Blackberry -- anyway, I think that there's a complex of issues that you have to deal with and that we really need to think more regionally. And unfortunately COG doesn't have the teeth to do anything regionally. We just talk regionally.



MR. PUENTES: We all want to get out to that as well. I've made mincemeat of my notes here, but the one -- and this may be an unfair question because you're right. The competition between localities makes it very -- makes cooperation kind of an unnatural act. But given that this is a bi-county project, to what extent are the -- and you mentioned this before -- to what extent are the Councils or the counties working together on maximizing this investment, or is this a state role, or does the state have a role in making sure that there is this cooperation coordination?

SECRETARY PORCARI: It's been really interesting on the Purple Line just in terms of full disclosure. I live in Prince George's inside the Beltway. I spent seven years as the development manager for the county, including some of the first overlay zones, and there are some generic issues including consistency and predictability that I think are pretty scary for a developer contemplating investment up there.

MR. ELRICH: They say the same thing about us.

SECRETARY PORCARI: But I don't want to oversell the Purple Line in terms of what it's going to do in economic development terms. I think it does that over time. It is very true that there is this region divided issue. Prince George's County in many ways has been far more enthusiastic from the elected official point of view about the Purple Line.

They're coming into it with one of the most transit-dependent populations in Maryland that will be directly served by the Purple Line, understanding as Marc pointed out, jobs in balance which is chronic but arguably getting more pronounced. And one of the functions of the Purple Line would be to actually provide that mobility. The Purple Line study started as a Beltway bimodal study. It started looking at highway and transit alternatives around the Beltway in both Maryland and Virginia. It evolved into what is currently the Purple Line EIS because it's clear on the transit side nothing in practical terms could be done on the Beltway. And so understanding transportation mobility east-west is important because that's where the Purple Line started from. The state and the counties have, from my perspective at least, been interacting very positively on this. There is not an unanimity of opinion, but to put it in perspective, we have strong opposition to sidewalk projects in Montgomery County. So, you know, we don't expect everyone to be united on it. It does seem that there's a consensus on the need. We'll see as we get through the hearing process, if there is on the alignment and the mode. But it's also hard to discuss the Purple Line without talking about the inter-county connector because that's clearly something that was more wanted on the Montgomery side than the Prince George's side, and you have almost the opposite on the Purple Line.

MR. LEINBERGER: Let me mention a context setting why there is a city, or why there is a region divided, because it's not just D.C., of course. That if you want to understand how job growth and all infrastructure investment has taken place in this country over the last 50-60 years, you just need to know three things. One is where the white, upper middle-income housing concentrates, and it tends to concentrate 70-90 percent in one area. You know where the local minority housing concentrates; it tends to be 180 degrees on the other side of the metro region. And then you know where the freeway system was put in, which is obviously a political decision. If you know those three things, in virtually every metropolitan area in the country, you'll find where the favored corridor is -- that 90 degree arc coming out of downtown, where 70-90 percent of all job growth has gone, where most infrastructure investment has gone. It sort of the reverse Robin Hood effect where the money is raised regionally and then spent where the rich white folk live. And that's been happening in this country for the last 50-60 years. And so in Atlanta it goes to the north. In Kansas City it goes to the south. In Denver it goes to the south. In Seattle it goes to the east. And in D.C. we all know where it goes; it goes to the northwest. And that's the great region divided. And so it goes up the 270 corridor and it goes out towards Tyson's and Reston Town Center. And the good news is, is that in this region -- and I've not

seen it anyplace else in the country -- the favored corridor's just beginning to broaden. And it's because of the huge pent up demand for walkable urban development and the Montgomery County's have been anti growth. The Fairfax County's have been anti growth except for -- and then, of course, Arlington County's done a fabulous job and captured much of that growth that would be going into the favored corridor for walkable urban. I mean, they are the model in this country. But there's -- all of a sudden ticking off to the northeast in Petworth, Hyattsville, and to the southeast, down by the stadium that if you had told me ten years ago that we'd be seeing that kind of high-density development taking place, I'd say you're nuts. But it's beginning to happen, just beginning. So the reason why Prince George's County has not seen that development around Metro stops is because the growth has all been going into the favored corridor, even the walkable urban development is beginning to now shift. So there is hope that the Purple Line will, in fact, see more growth both in Montgomery County as well as in Prince George's County around those Metro stops because it has no place else to go. The Red Line is -- the Green Line's the new Red Line basically, and the Green Line's where we're going to see a lot of new development, and the Purple Line would then just link them all up just as you say.

MR. ELRICH: Again, this is complex because the Prince George's County story is not just a matter of the favored corridor. Prince George's County made a deliberate decision to limit their taxes to the trim amendment, and basically handicapped their schools from ever being able to get adequate levels of funding, which triggered, you know, reservations of people locating to the community where the school system wasn't adequate. And this goes back to a decision made during the desegregation days of the late 1960s, and Montgomery handled desegregation one way and Prince George's handled it in a very different way. And I think it left a legacy that they've had a very hard time undoing in Prince George's County. But again, it's not just the development decision. You could also add to that, you know, the federal government has very generously located many facilities in Montgomery County. They could have just as easily said Atlanta looks like a good place or, you know, the Metro stop opposite -- what is it? -- in Hyattsville looks like a great place. I mean they could have done any of those other things, and we've been very lucky. But it has consequences.

MR. LEINBERGER: Government decision making is made somewhat similar to the private sector, and it's where, you know, that the bosses want to live near where they work and the bosses for years have been in Montgomery and Fairfax -- I mean, Tyson's was anchored, was

really driven by the federal government decision thirty years ago. So that's pretty typical. But by the way, while schools are certainly important, as a real estate developer you certainly know that very much. But the demographics have also fundamentally changed because the, you know, the key target for walkable urban development are singles and couples, not that families aren't welcome, but that certainly the target market would be singles and couples. And over the next twenty years, the net household growth in this country is going to be 88 percent singles and couples, only 12 percent families with children living in the home. So the school factor is becoming less of a factor; not that it's not important because we still have, you know, a third of our total households -- though dropping -- a third of our total households worry about schools. But that's not, I mean, the elephant is singles and couples as far as the market demand.

MR. ELRICH: And again, this leads to the complexity of real development decisions because what you're saying is driving the pattern of housing that's built around so-called desirable locations, you know, where we're talking about metro development. Unfortunately, if you build singles and couples housing, couples tend to stay couples for a period of years and then they tend to want to raise families. And if we build our high-density corridors with singles and couples housing with the jobs there

and the idea I'm building this livable, walkable, community so people can live here and work here, as soon as they have children in the absence of building three-bedroom and four-bedroom apartments, they're now forced to leave the livable, walkable, community to a suburban neighborhood in order to support their family.

MR. LEINBERGER: I'm just saying don't --

MR. ELRICH: That's assuming people don't want to have children anymore.

MR. LEINBERGER: No, I'm just saying that the millennials who are really driving this -- this is the first major social trend being driven by the millennials; the second was the election of our new President which they drove -- but the millennials are getting married later, they're having children later, they're having fewer children, and so as I say the net growth in households over the next twenty years, 88 percent of that net growth will be singles and couples. So that's the elephant in the room, and the elephant will sit where it wants to.

MR. PUENTES: Yeah, I think we've teed up some controversial issues. And I see a bunch of hands. I think there's a microphone that's floating around, so let's just go with whoever is closest to the mike and we'll kind of branch from there. If you can introduce

yourself and mostly on questions keep the comments limited if we can, but let's see what we've got.

QUESTIONER: Jonathan Elkind, Brookings Institution, and also in the interest of full disclosure, I'm a Purple Line proponent and advocate. I think Marc Elrich's point about not overselling the Purple Line is a very important one, and I completely agree with it. It seems to me that there is a risk, though, that you do the opposite, which is to say if the Purple Line can't solve all problems therefore it shouldn't be proceeded with. And one wouldn't want to get into that either. My question from this is to the panel what does experience tell us about the model for successive funding decisions? Marc's point was if you do this, then you can't do that or if you did a certain version of Purple Line, then you could do this project and that project. My suspicion, which I'd like your reaction to, is whether that's actually how the funding decisions work because my impression is that, you know, you do A and then later you get a bite of the apple to do B. You don't get to say oops, we saved on that one so we'll put it into B. Is that the impression of the panelists?

SECRETARY PORCARI: Jonathan, that's a great question because what you're seeing in our three New Starts projects around the state is basically a rejection of the sequential approach to it where, as Marc pointed out, you could have the low end bus rapid transit, low-cost,



Purple Line, put the money toward Corridor Cities Transitway and get going. We're quite explicitly saying something different here, which is we're trying to learn the lesson of success in the Metro system where you need to build that core capacity from the beginning. You need to take the very long-term view, and quite frankly, we're not going to play the New Starts game. We're pursuing this on two tracks. All three projects are in the New Starts process. We're competing by those rules. The upper track, if you will, which is at the gubernatorial level with the help of our congressional delegation is to say this is the wrong approach. We can't do one project at a time. The New Starts process doesn't work. Governor O'Malley loves to call it the "No Starts" process. We need to fundamentally rethink it. Just think about the Metro System where the discussion right now is the Dulles extension, which everybody supports, everybody wants, and then what's next? Purple Line. The district has projects that will be tied into the Metro System. If you think larger, you need to build that network. It's the connectivity and the kind of seamlessness that you get from that network that we're missing. And that's, I think, where Marc and I agree, where he's talking about a bus rapid transit network that serves a larger purpose. I think for fixed guide way rail, the same thing is very true where you need to do that. If you look at the history in Maryland because under a best-case scenario, there's 20,

30, 40, 50 or more percent funding required from the state. If the will is there for the project, we find the funding. And you only have to look at the Woodrow Wilson bridge at \$2.4 billion, the inter-county connector at \$2.4 billion, or a number of projects that preceded them. It is clear that in today's financial environment, we can't afford construction. But that's all the more reason to keep pushing forward with design and approval, and we will have the construction money if the will is there.

MR. PUENTES: This issue of funding is going to be more critical as we go forward. This and nationally -- this is all anyone wants to talk about is how they're going to put together these funding packages. And as some folks like to say, if you've seen one funding project, you've seen one funding project. But they're all going to be collared together through a whole host of different sources; Chris' idea about the value capture obviously and local contributions. We're in for a world of hurt, and they're going to have to be innovative and creative. I think that's the kind of stuff we're starting to see.

Let's go here to the front.

QUESTIONER: My name is Carl Anthony and I'm with the Earth House Leadership Center. And I wanted to follow up on this question of equity and put it in a more primary position. If we said that the two major public priorities of which there are many -- at least a half a

dozen that I've heard in the discussion -- but if you said we have to deal with the climate change issue and we have to deal with concentrated poverty, that we have to -- and we think about building something that's going to be 75 years out or 100 years out, which may be arrogant in one way, but in another way it really -- maybe we don't have any other choice but to think like that. If we took the concentrated poverty question and said this is a really important priority that we've got to build into the system going forward, what would the discussion look like?

MR. LEINBERGER: I'll be happy to start that. You gentlemen may want to chime in, but there's a subtext to the Purple Line that is just below the surface, and that's the environmental and economic justice part of it. And the fact is that it -- one of the reasons that there's more enthusiasm at least by some elected officials in Prince George's right now than Montgomery is because they understand it's connecting people with jobs. And as Marc pointed out, the job centers -- think about Bethesda, Silver Spring in particular, being able to get to those jobs where you don't have to own a car or own a second car is incredibly important. It is -- this project is not a cure-all, but what it really is is a recognition of reality that even for some of our citizens that are really at the bottom of the economic rung today they need a vehicle to get to work, and this actually connects them to some of the job centers.

MR. ELRICH: But I think -- it's terrible living in a complex world. I mean, one thing you talk about is if you do -- to accept that the Purple Line is successful on any merit -- and I want to be clear for Jonathan's benefit -- I support the Purple Line. I don't think there's an argument that it shouldn't be done. I think it needs to be done, so let's get that out of the way. But there's a tendency to gentrify around all the Metro stops. And you can bet that, however you do it -- my idea, anybody else's idea -- if it gets to Langley Park, there's going to be enormous pressure to upgrade those four miserable shopping centers there, and there's going to be pressure to upgrade, you know, housing around it, and you may well lose the economic justice benefit that comes with it because we -- Montgomery County, Prince George's County -- have zip, zero, strategy for maintaining affordable housing and the number of affordable units anyplace we do anything, Silver Spring, Bethesda, any place else. Both counties are opposed to rent control. I'm not, but the position of both county Councils are opposed to it. We have no preservation strategy. We don't have a no-net loss of affordable housing. So if you tear down a development, you have to start with the no-net loss of what was affordable. So it's very likely that what you'll see overtime -- like you've seen in the D.C. revitalization around their stations -- is a change in the population because people recognize this as greater economic opportunity

that brings in people with more incomes and changes the nature of the beast. So I'm not sure that either of these in the long term will solve or serve social justice issues. That requires, I think, you know a real commitment to preservation and maintenance of existing affordable housing and a strategy for building more than what Montgomery County does. I'm always baffled about where they get such kudos where in a good year we build 400 NPDUs a year. One condo conversion can wipe out more than 400 NPDUs, so we can pat ourselves on the back for being the best in the country and I'm like, whoop-de-do, it ain't much of a strategy.

MR. LEINBERGER: It's a low bar. It's a very low bar we have. There are three things when it comes to walkable urban development around transit stations in particular that really address this issue. The first thing is that it provides more supply. One of the reasons that walkable urban development gentrifies neighborhoods is because you don't have enough supply. Never thought I'd say this, but it's a supply side problem. And that with 30, 40, 50 percent demand and in this region 10, 20, 30 percent supply, Adam Smith tells you that it's going to drive prices up. That's what gentrification is. So it's a supply side problem. And as we have more supply, the cost of land on a per-unit basis will go down. Number two is the real issue, which ties in with the environmental,

is that we need to shift our household spending from cars to houses, or maybe even something that is even as un-American as savings, that a drivable, suburban household spends 25 percent of their income on cars. You drop one car out of a household, AAA tells you that it costs \$7800 per year to own and operate a car in 2007 if you drive at 15,000 miles per year. You drop that car out of your household, at 6 percent mortgage rates, that translates into an additional capacity of \$150,000 of mortgage. So you are shifting household spending from a depreciable asset to an appreciable asset. Now the folks on Capitol Hill who are begging today for us to bail them out are not going to be happy about this, but we have moved too far in our households -- not that I'm against the cars, they do fabulous things -- it's just that we've moved too far in that direction and 25 percent of household spending is crazy. But the third thing we need, because it's going to take a generation to solve the affordable housing problem and maybe more, is that we need what Montgomery County has done is a much more aggressive inclusionary zoning policy. If we put it on the regional level, 20 percent affordable, 20 percent workforce housing -- and it needs to be at that level -- that there's no cost involved. It levels the playing field for all of us in the development business. It doesn't just penalize Montgomery County for doing it as opposed to Fairfax. And that

from a transportation and public policy point of view needs to be our goal. It's a no-cost, affordable, housing solution.

MR. PUENTES: It may not be the only solution, but you're right, it is a start. Let's go to this side, right there in the middle.

QUESTIONER: Thanks, hi. My name's Bill Neal. I'm the author of *"The Missing Green Rail Vision for the Metropolitan Region."* I voted and supported the Purple Line, the most expensive alternative, for the reasons John Porcari laid out. And I agree with Christopher's assessment in terms of proclivities of the American public. They will go with train and not buses. My question -- and what I'm afraid I'm hearing and I think this is pervasive in Montgomery County and I hope not at the state level, but I suspect it is -- it's Robin Fincker's got inside all the Democrats' brains, meaning we don't want to spend anymore. And I just want to urge you for comment. We're in a different national moment. We are at the Keynesian moment. We're going to have a national infrastructure bank, and my urge would be not to cut pennies and costs. Marc, I heard your calculations and in another time, they might be right. But I don't think that's the moment now. We're going to have to spend, if we want to keep this country's head above water, and there is going to be money at the federal level, and so my plea is don't cross cut as if you were in the old fiscal framework. I think we're going to be in a Keynesian

moment for maybe 5 to 10 years, and we're going to need the jobs and the long-range planning. Now's the time to go for it, so broaden our horizons. That's enough comments on that.

MR. PUENTES: Once we mention Robin Fincker, I know we're in the hyper local -- but what about this issue of the national stimulus? I mean this is something. There were big articles in the paper today. This is obviously a huge discussion here. Would this project fit into that short-term stimulus idea?

SECRETARY PORCARI: Well, first of all, we're all Keynesians now as far as the -- if there's a possibility of a stimulus program, it makes sense. It depends on the criteria. Clearly Maryland and most states have far more eligible projects right now, ready to go, than will ever be funded from the stimulus program. They start at the easy end -- resurfacing, bridge reconstruction, and get to some of the larger, more complex ones. I think the bigger opportunity, whether it's the Purple Line or New Starts projects around the country, is remember, we have a surface Transportation reauthorization -- or new authorization more properly -- that happens, should happen, October 1st of next year. That is the time, that is the forum, where I think the larger issues -- beyond correcting some of the administrative issues in New Starts that I began by mentioning today -- the larger issues in transportation investment, in



bouncing between modes, in goods movement which we, you know, is not the subject of today's discussion, but there is no national policy for. Some of the real dislocations in current federal policy, that's where we should all be focused on addressing it. I think we're all assuming that reauthorization doesn't happen on time or at least exactly on time because it never seems to, so now's the time for that discussion. We do need to think larger. I would point out not making a decision -- you know, the no-build alternative for these projects is also a decision. It's a decision that you're not going to have that kind of mobility, east-west mobility, in that corridor for the Purple Line or for any other project in the country. And so shortchanging the investment, not making a decision, is also making a negative decision if you will.

MR. PUENTES: Thank you. Marc, is the county as the local level, are they looking at the federal conversation? Is this playing out well?

MR. ELRICH: Everybody's looking at the federal conversation. I mean, we're hurting for money. We spent yesterday vexing over how do you whack \$500 million, maybe \$600 million, out of a \$4 billion budget, assuming \$2 billion of it -- which is the school budget -- isn't going to take the same proportionate hit that the rest of the budget's going to take? So, yeah, we're really interested in what happens at the

federal level. To answer your question, Bill, I was a Keynesian before him, I'm a Keynesian now. The reason I'm not proposing a hundred miles of bus rapid transit because I'm looking at a conservative way of not spending any money. I think we have to spend a lot of money. So I'm not looking to not spend money. My only question is if you get similar ridership and you can get approximate times and you can spend \$645 million less and assuming you might want to just spend that money someplace else except that it's your money and not the fed's money and you have a choice, then you know I think you need to look at that. I don't ever want to get back into a situation where you just spend as much money as possible without asking cost effectiveness questions, because I can guarantee you the moment we do that, we will see republicans back in the White House and very shortly thereafter because you need to be able to show people you can manage sustainable budgets.

MR. LEINBERGER: I think this issue of the BRT versus rail is an important thing to discuss, though, because we don't have evidence yet -- and Rob, I'd like your thoughts on this as well -- but my reading of the literature is that buses just don't spark real estate development. Having said that, Euclid Avenue in Cleveland -- as Marc points out; I've been tracking it pretty closely -- has sparked lots of plans for development. Marc whispered in my ear that the developers up in Montgomery County

have expressed interest in development around the stations, so it may be something that could work -- I mean, I just want to see value increase take place around those stations. I don't care how it gets there, whether it's rail or a bus. So I think that we do need to look at those alternatives because, in fact, money is scarce. But we do know that the rail works, and I personally think that the rail value capture could be 30, 40, 50 percent of the capital costs, and that would change everybody's equation on this. And there's a role on the operating side as well.

MR. PUENTES: I think we need some experiments with BRT. We haven't really gotten into that here in this -- I mean, there's the (inaudible) example, there's other examples that really have treated this as a permanent transit dedicated investment. We really haven't done that that well. So, you're right, the literature is probably not even there yet.

QUESTIONER: Good morning. Thanks to the panel. I'm George Leventhal. I'm an at-large member of the Montgomery County Council. I appreciate my colleague Councilmember Elrich starting out by saying that on the Purple Line, he does not speak for the County Council. He does not. I just wanted to cite some unofficial figures from the four public hearings that John Porcari's staff just put together in New Carrollton, College Park, Chevy Chase, and Silver Spring. There were 169 citizens who spoke; two-thirds of them 114 favored a light rail Purple

Line at grade. And then of elected officials, there were 39 who spoke, 32 of those elected officials favored a light rail at grade Purple Line. There were far more witnesses in Montgomery County than there were in Prince George's County, and in both of the Montgomery County locations, Chevy Chase and Silver Spring, a very clear majority supported a light rail at grade Purple Line. And so I listened all the time with great interest to my colleague, Marc Elrich. He gets his name in the paper by being a critic and a skeptic, and that's what he's done here today. I understand it's important to have a balanced panel, and so it was necessary to find a critic and a skeptic, and Marc has played that role this morning. But, in fact, there's a much broader consensus than I think -- of course, you got two-thirds here supporting it, one-third critical and skeptical, so that's pretty much the balance that we saw in terms of public input. But I really do want to make the point that this is a broadly popular, widely supported, proposal by Governor O'Malley and Secretary Porcari, and that it is my hope that Montgomery County will not outsmart itself. Everybody knows how smart we are. Everybody knows we're a big joke in Annapolis. We can't coalesce. We aren't able to do it. There's always somebody with a different idea, and that's what we've heard this morning. Marc speaks with great passion about the need to reduce climate change by getting people to work from Olney. Well, yes, of course, we need to do that. I

could speak with great passion about the need to put these resources into healthcare for the uninsured or to find a cure for AIDS. But I thought this morning's panel was about the Purple Line. And so what I've heard from my friend and colleague is a whole lot of alternatives and a whole lot of other scenarios that I don't believe his intent is, but my fear is, really just feed a few neighborhoods who are bitterly opposed to the Purple Line by throwing up smoke and putting forth all kinds of other things we ought to be spending money on. And, of course, there's an unlimited number of other things we ought to be spending money on. I do hope that my county -- and I'm making every effort in this regard -- will come together around a vision that we can really get excited and hopeful about, and that's precisely the vision that Secretary Porcari is pursuing.

MR. PUENTES: Well, I don't think that the purpose of this really is to either support the project -- what we want to do is talk about some of these issues and I think this was a very thought -- I mean, criticisms are also thoughtful responses. I mean, like it or not, these are the issues that are playing out here in this region and elsewhere as Chris does. And we see this happening in metropolitan areas from coast to coast, and not for dissimilar issues. I mean, the things that we've talked about here, about evaluation, about social equity, about environment, about funding, I mean these, you know, these are not that unique I think to

this region. Every project no doubt has its own idiosyncrasies, complexities, personalities -- you're always going to get that -- to try to figure out what is going on here, how we can have an adult conversation about some of these issues, and then think about what is transferrable I think is where we're interested in getting because, again, whether or not a project is good or not. There's all kinds of hurdles, and there's going to be folks who have their own perspectives and thoughts about it. But I think we need to recognize where those criticisms are and really start to deal with them because as we see, again, all over the country there's a huge demand for this kind of investment and we don't really have the opportunity I think to kind of screw it up right now. Let's go here --

MR. ELRICH: I reserve the right to look at new information, and that's not information we had when we signed onto the pledge. I haven't said anything here that says I don't support the Purple Line. In fact, I've said and to me is the question whether I support a system that travels -- that moves 58,000 people or 62,000 people. Now -- it might or might not leave additional money to do other things, one of which would move another 30,000 people. So, I don't think I'm saying we shouldn't do this, and I don't think I'm throwing abstractions or obstructions in there. I think it's legitimate to ask ourselves what's the best expenditure of the dollars we have. And I also acknowledge that it's equally important to

come together in a position where we don't wind up fighting with ourselves and then losing the project altogether. So I'm not saying that we shouldn't do it as rail. I'm saying that I think we all need to think about this. We all jumped on the ship early on. We all had a terrible alternative. It doesn't mean we should stop thinking. And I'm not going to stop thinking because I signed something two years ago, doesn't mean my brain goes blank at that point.

QUESTIONER: Rob, Chris Zimmerman. I'm from Arlington. I'm chairman of the Metro Board. I'd just like to comment on this question. My good friend, Marc, knows that I'm a strong advocate for bus. He was present a couple of nights ago at NCPC when I moderated a panel that was precisely about that, and I applaud his work to get an extensive bus network such that we don't have now in Montgomery County or really in the region as a whole. I think that's extremely important. And I don't pretend to know, I'm not being a Millender. I don't know all the details of the analysis of the Purple Line, but I would say I think there's a couple of important things to keep in mind. I think he's also right that we have to care about cost effectiveness. The problem is how you measure cost effectiveness, and Secretary Porcari correctly identified in the beginning that, you know, the way they've been doing it is really intended to not spend money and it's very good at that as he said. And there's a few

respects in which it does this. One of which has been touched on, which is that it doesn't capture the value that's created, and that is a real flaw. It's part of the reason why we're looking to build, you know, a rail system through Tyson's above ground instead of underground when everybody who looks at it says we'd make more money in the long run by putting it underground even though it would cost more initially. By the way, the good news is today the full-funding grant agreement was approved for the Dulles rail, so that's happy news on our side. But that's part of the problem we have. There's another problem, though, with cost effectiveness -- and the other part was the conservative estimates on ridership and all that. But the other problem of it is that it doesn't really amortize the cost. It says day one when I cut the ribbon, what have I spent on the system? And the rail approach will be more expensive than the bus approach. The difficulty is that's not really the true measure of even the capital cost. If you look at fully amortized cost, you'd get a different approach. Number one -- and if you look at operating cost, you'll get something different. If you go with buses, you need more buses than you'll need trains, which means you'll need more operators which is a large portion of the operating cost. And so when you look at that, you wind up spending a lot less on the operating side as a result of that, with the rail, than you would on the bus. Also, you know, the buses you're



going to get to get higher capacity, you need more buses than cars because there's not as many, but if you use articulated buses, okay because you can get a few more people, but those are \$1 million buses and they last about 15 years with a mid-life overhaul. The rail car, which is going to carry more people, will cost you \$2-3 million, but it lasts 35-40 years. Anyway, that's just to give you an idea that it's very misleading to say what's the difference in the cap -- this one's \$600,000, this one's \$1.2 billion. When you really analyze what it's going to cost you on a fully amortized basis, a lot of that difference tends to go away. What happens on the bus side -- and this is my final point -- is that people then start trimming away stuff on the bus side because you've committed to this really nice BRT system supposedly, but then people say "man, this is expensive. How are you spending \$1 million on a bus? I mean, it's just a bus for crying out loud," you know, and you start trimming things away. So in the end what you have is something that isn't such a great system, isn't the equivalent of a rail system, and that unfortunately is too much of what we've done. And this is my final point, which is that the real difficulty in this country is that we, you know, we don't need rail or bus, we need rail and bus. And the real problem with bus proposals and BRT in particular is that it is mostly used by people who are opponents of rail projects who aren't necessarily supporters of either really. What we've got to get away

from is this idea that bus is a substitute for rail. It is not. It's a substitute for car, and that's the way we should be using these things.

Complimentary so that we have bus working with rail. And again, you have to make your own decision about what works best in the corridor there. For Maryland, I hope it's real successful and we can bring it all the way around to my side of the river eventually as well because we do need a circumferential system. Thanks very much.

MR. PUENTES: Chris, what do you think about that? We do hear a lot that bus is a kind of -- that a BRT can be used to lead in to a future investment for rail. I totally agree I think with what the Councilman was saying. Is there a role then and does it step in that way? I mean, the work that you're doing nationally with the developers, I mean, do they look at it this way or is it just -- are these two separate?

MR. LEINBERGER: Again, we don't have that many examples. I mean, just like street cars, you know, the modern street car we have eight years of experience and same with BRT. We have very little experience and very little experience with dedicated right-of-ways, which to me is the key issue is the dedicated right-of-way and the fixed station that can't be moved every Monday morning. And so we just don't have the experience and therefore -- and it was heartening to hear from Marc that developers may be stepping forward, but the real issue is what

are they -- what are the developers and the property owners in general around the stations willing to bet on? What, you know, I would like -- and this is something we could do very easily -- is to sit down with those property owners and developers and say how much are you willing to commit to bring rail versus bus? And what I'm asking them for is a -- how much of a limited partnership/ownership interest in the project are you willing to give up to bring the infrastructure to the project? And if they're going to say 10 percent on bus and 30 percent on rail, we've got -- the market's telling us something and that translates into serious dollar differences. So I'd love to know -- I mean, it's nice for them to say they're going to go forward with projects. What are you going to pay us to put that infrastructure in? And that's a conversation that should be had because that's going to be along a significant contribution to the total capital cost, and by the way, to the operating cost as well because in underwriting that future cash flow projection, the underwriting agencies are never going to give you 100 percent credit for those projected cash flows. They're going to give 40, 50, 60 percent credit. Well, if they give you 60 percent credit for those future cash flows, that's 40 percent under the probable case scenario that will be available for operating costs. It's just up to you to have to bet on whether they're going come. So -- and by the way, the beauty of having this value capture in place is that now the developers

and the transit agency are on the same side of the table. Everybody wants to see the same value creation take place, and we don't build stations like we've been doing throughout this country for decades that are hostile to pedestrians, that are hostile to being integrated with the rest of the neighborhood.

MR. PUENTES: I've completely skipped being the moderator and went way over time. Let me give Marc the last comment here --

MR. ELRICH: I think, again, this gets into an interesting discussion about Montgomery County. We sort of talked about what does this mean for, you know, remaking the suburb in a CO2-constrained era and the Purple Line is a case study. If you look at the Purple Line stops in Montgomery County, it's unlikely that you're going to get any additional incremented development at Silver Spring and Bethesda that you weren't going to get anyway. People are going to build in Bethesda. There's like no -- there's no holding bars in Bethesda. They're going to build either way in Bethesda with or without the Purple Line. There's one stop that could see significant development on Connecticut Avenue where there's only a low-lying shopping center and where there's talks about major development around that. But much of what's happening in Montgomery County is going to happen and will happen under any scenario. But the

bigger question is in terms of transforming the suburb, there's almost no opportunity for rail in any other corridor in Montgomery County other than the CCT because you're talking about development along 29 or Wisconsin Avenue or New Hampshire Avenue. And where rail works best is where, frankly, where you do have something like the Purple Line situation and an abandoned rail line where you can grab the abandoned rail line and put it in. That's a model all over the country as we're using abandoned rail lines. Trying to put rail, heavy rail particularly but even light rail, into places that have no rail and that are already built out is extraordinarily difficult. So the discussion with the development community is largely -- you want to do these developments, there's no possible way you can bring all these cars in here. Are you interested in looking at another way of moving people into these areas where you want to see development so that you can go ahead and develop without turning the place into a gigantic parking lot? And that's where the interest has been. And so I think there's two different things that you have to look at. Again, it's like Montgomery County off the Purple Line where your options are very limited. It's either going to be, you know, no development or turn the place into a parking lot or figure out a transit solution. Or the Purple Line where you do have, quite frankly, the option of light rail or bus rapid transit. I think the do-nothing option is just not a viable option, and then determine

what you're going to get around it. I just don't think there's not much development pent up or waiting to happen predicated on the Purple Line in Montgomery County except for one stop. That stop could be very significant. I guess you could count Langley Park as part of Montgomery County and part of Prince George's County. But I think development along the other places where there's more potential and that gets to the other issues.

MR. PUENTES: Well, I guess we definitely fulfilled my initial promise that we weren't going to solve all these issues today. I think we teed up a lot of very interesting things, which is really what we wanted to do was to start kind of talking about these. And make, again, these broader connections between what's going on here in this region and nationally. I think some of the common themes about looking at particularly this last time about what is right for development? How do we maximize these really large investments, these large public investments, in an era of fiscal austerity? How do we think differently about the redevelopment around the stations? All this around the equity issues and things Chris talked about that are not just unique to this region, but the north-south divide, the east-west divides, all that, and how we sort through that with infrastructure investments is still definitely an open question. And this issue of funding and financing, you know, I agree that we do need to

think about infrastructure as a stimulus and the time is right to do that. But the fact of the matter is that there isn't unlimited money; we're going to have to think carefully about that.

I want to thank my panelists very, very much for your time. I want to thank people for the thoughtful questions and comments. I think a bunch of us will maybe stick around for a couple of minutes and take some rotten tomatoes and other things. I think there's still some materials in the back. I want to thank Lee and Charles and the folks at the Energy Initiative. I thank you all for being here today. Appreciate your time. \* \* \*

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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