

DEPARTMENT OF TRANSPORTATION

ADMINISTRATION OF DOT, PART II

Reel # 101

Equal Opportunity Program

Ale

The Department of Transportation Equal Opportunity Program is designed to assure that all persons without regard to race, color, creed, sex, or national origin will have the same employment opportunities in public programs. The program is based on several Executive Orders and statutes and strict compliance has been demanded by Secretary of Transportation Alan Boyd.

DOT's internal EO program is based upon Executive Orders 11246 of September 24, 1965, and 11375 of October 13, 1967, which prohibit any form of discrimination in Federal employment practices. President Johnson also ordered that each executive department and agency establish and maintain a positive program of equal opportunity for all employees and candidates for employment. The Civil Service Commission was given overall supervision of the program.¹ The external or public part of the EO program is based on parts II and III of Executive Order 11246, Executive Order 11375, Title VI of the 1964 Civil Rights Act, and Title VIII of the 1968 Civil Rights Act.² The policy set forth prohibits discriminatory employment practices by Government contractors and sub-contractors and in Federally assisted construction contracts. The DOT cooperates with the Secretary of Labor in implementing this policy.

On July 5, 1967, Secretary Boyd issued an Order

establishing DOT policy on equal opportunity. He included with this Order a memorandum emphasizing his "total and unequivocal personal commitment to the letter and spirit of this policy."³ He also asked for the same commitment from his Administrators within the DOT. The Order assured equality of opportunity in the following areas:

1. Department employment practices,
2. Services rendered to the public,
3. Employment practices of contractors and subcontractors under direct and Federally assisted contracts,
4. Operations of Federally assisted activities, and
5. Other programs involving Department assistance, participation, or endorsement.

The Secretary developed a decentralized organization to implement the program. He designated the Director of Investigations & Security in the Office of the Secretary to serve concurrently as the Director of Equal Opportunity, Equal Employment Opportunity Officer, Contracts Compliance Officer, and Title VI Coordinator. The overall policy for DOT is carried out by the Equal Opportunity Staff in the OST. The program's day-to-day operation is decentralized in the various operating administrations. The Order emphasized that DOT would not adopt a passive, non-discriminatory policy, but would develop a positive program to promote equal

opportunity.⁴

The Policy in Operation: Cleveland Case Study

The intricacies of the actual conduct of the equal opportunity program can best be illustrated by a case study. In this paper, the implementation in Cleveland, Ohio, will be discussed in detail as exemplifying many of the problems encountered in the programs in other major cities.

Executive Order 11246 required that all contractors on Federally supported projects maintain an active equal employment opportunity program. In 1967 the Federal Government began a campaign to enforce the Order by bringing pressure to bear on several special target areas including St. Louis, Cleveland, San Francisco, and Philadelphia.⁵ The Department of Labor maintained supervision over enforcement of the Order but it worked in cooperation with other Government agencies.

The Cleveland target area, which encompassed seven Ohio counties, was chosen for 1) the high level of Federal expenditures projected in that area for the next few years, 2) a low employment rate for minority group journeymen in the higher-paid building trades, 3) the apparent lack of access of minority groups to union membership and apprenticeship programs, and 4) the substantial percentage of minority group population. The DOT was concerned primarily with highway construction in this area.⁶

The essence of the Cleveland Operational Plan was that low bidders on Federal contracts of over \$1,500,000 and their major subcontractors had to show that they were in compliance with Federal guidelines on equal employment opportunities. The low bidder had to submit an affirmative action plan detailing how he intended to develop an aggressive equal opportunity program before he could be awarded the contract. In addition, he had to submit a manning table which showed how many minority group members would be employed on each phase of the job. This plan would affect the building trade unions as well as the contractors, for they supplied most of the manpower. The Equal Opportunity Staff of DOT under the direction of Richard F. Lally, in trying to implement the policy, found itself at odds not only with the contractors and unions but with the Ohio State Highway Department and the Federal Highway Administration as well.

DOT was involved in two phases of the Cleveland program in 1967. The first program involved the Ninth Coast Guard District, under the command of Rear Admiral Charles Tighe. The Coast Guard, in cooperation with several other Federal agencies, participated in an experimental pre-apprentice training program. The object was to train 100 Negro youths in order to provide local contractors with a manpower pool of minority group members possessing rudimentary skills in

construction trades. The Coast Guard and Admiral Tighe were commended for their cooperation and assistance. No judgment has been made on the success of the program itself, but the training center was run smoothly and was a good example of inter-agency cooperation.⁷

The second phase of DOT involvement in 1967 was the attempt to develop proposal guidelines for the equal employment opportunity affirmative action plan. The crux of the problem was whether the low bidder had to present his affirmative action program and manning table for approval at a pre-award conference or at a pre-construction conference after the contract had been awarded. The setting up of these guidelines involved the Department of Labor, the Equal Opportunity Staff of DOT, the Federal Highway Administration, the Ohio State Department of Highways, and several Cleveland contractors and trade unions in a protracted series of meetings, speeches, and letter exchanges. There was strong disagreement between the Office of Federal Contract Compliance of the Department of Labor and the Equal Opportunity Staff on the one side, and the FHWA, the Ohio State Department of Highways and the contractors and unions on the other:

Several meetings were held in August, 1967, in an attempt to develop a proposal note. On August 30, the Federal

Highway Equal Employment Opportunity Office and the Cleveland Area Coordinator issued a set of guidelines for use by contractors in preparing their equal opportunity policy compliance. It also stated that the low bidder's⁸ proposal would be discussed in a pre-award conference. Ohio Highway officials and contractors opposed some facets of the proposal. Highway officials opposed pre-award conferences and favored pre-construction conferences. They did not believe pre-award conferences were feasible because Ohio law requires that a contract be awarded to the low bidder within ten days from the opening of bids. The contractors agreed with this stand. They also believed that pre-award conferences would be detrimental to the whole system of competitive bidding. They also opposed presentation of manning tables before contracts were awarded, for they would not know exactly how many men would be needed or how many members of minority groups would be available. They tried to pass the problem on to the building trade unions by citing the lack of qualified minority group members and that their union contracts forced them to obtain most of their manpower from the unions. The unions also considered the guidelines unrealistic.

On September 26, 1967, P.E. Masheter, Ohio Director of Highways, submitted the State's proposal to William E. Reed,

Division Engineer, Bureau of Public Roads. This proposal provided that the manning table would be submitted at a pre-construction rather than a pre-award conference. Copies of this proposal were also sent to Charles Doneghy, Area Coordinator of OFCC, and August Schafer, Regional Federal Highway Administrator.⁹ On October 11, K.V. Potter of the Bureau of Public Roads informed Mr. Masheter that his proposal had been approved by FHWA and OFCC, with some slight revisions.¹⁰ But the wording "pre-construction" remained. On October 18, Mr. Masheter wrote Mr. Reed that he approved all the revisions¹¹ except for one minor change he wished to make.

This request was forwarded by FHWA to Mr. Doneghy of OFCC, who on October 19 approved the minor change but requested that "pre-construction" be changed to "pre-award."¹² BPR had previously told the Ohio Department of Highways that OGCC had approved their proposal concerning pre-construction¹³ conferences. However, OFCC had not given previous approval. Robert Booth of the Ohio Department of Highways said that the change from pre-construction to pre-award was unacceptable¹⁴ to the State.

The Ohio proposal was referred to Richard F. Lally, Director of Equal Opportunity of DOT, on October 17 by¹⁵ Lowell K. Bridwell, Federal Highway Administrator. Mr. Lally did not approve it, and on October 31, he sent to Mr.

Bridwell a revised proposal which called for pre-award conferences.¹⁶ He also requested that this new proposal be submitted to and approved by the proper parties as soon as possible. The State of Ohio and the BPR chose to ignore the recommendation of the Director of Equal Opportunity and ironed out other slight problems of phraseology in the State's proposal. On December 14, 1967, a suggested Proposal Note which called for pre-construction conferences rather than pre-award conferences was signed by P.E. Masheter for the Ohio Department of Highways and William E. Reed for the Bureau of Public Roads.¹⁷

The Director of Equal Opportunity and the OFCC were not satisfied with the FHWA decision to approve the Ohio plan. On January 8, 1968, Mr. Lally formally requested the Federal Highway Administrator to substitute "pre-award" for "pre-construction" in the agreement.¹⁸ The FHWA plan was inconsistent with the total Government approach in the Cleveland Operational Plan area. However, the FHWA Administrator was reluctant to comply. Mr. Lally and Mr. Beidwell attempted to resolve their differences during the next month. The FHWA proposed a compromise in which they would hold pre-award conferences but would require manning tables only at subsequent pre-construction conferences. This proposal was rejected by Mr. Lally, who said that the original pre-award plan was

working well for other Government agencies and it should be
¹⁹
 adopted by FHWA.

The success of the DOT program was essential if the Federal equal opportunity contract compliance program was to succeed , for the Federal aid highway program had the largest Federally assisted construction program in the Federal Government. Mr. Lally therefore brought the FHWA conflict to the attention of Secretary Boyd and urged him to settle the matter promptly. The Secretary issued a written directive on March 16, ordering FHWA to implement the pre-
²⁰
 award program in Cleveland.

During this period, the Government's program was meeting strong criticism from Ohio highway officials, contractors, and labor leaders. They said the pre-award program would slow down work on the highways, raise costs, and destroy competitive bidding.
²¹
 One project was delayed in the Cleveland area when the low bidder refused to submit manning tables and DOT subsequently refused to award the contract.
²²
 The Ohio State Highway Director also held up \$125 million in contracts
²³
 until the problem was resolved.

DOT did receive support from some quarters. Secretary Boyd was praised by the Cleveland NAACP for his unbiased im-
²⁴
 plementation of the equal opportunity program. The Cleveland
²⁵
Press also supported the Federal program.

During April and May, several meetings were held by the Senate Public Works Committee to try to develop a new area-wide positive action program which would be more acceptable to all parties concerned. Representatives from OFCC, DOT, Ohio Department of Highways, contractors, and unions participated in these meetings. The Committee's approach envisioned that when an acceptable and workable program was developed and approved, it would supplant the pre-award and manning table provisions of the Cleveland plan for participating contractors. The Committee threatened legislative action if agreement could not be reached.

After long negotiations, agreement was reached on a plan which involved the contractors and the Operating Engineers Union, which supplied the bulk of manpower for highway construction. The plan, approved by the Department of Labor on July 18,²⁶ eliminated the pre-award and manning table requirements for contractors when they use only members of the Operating Engineers Union on their jobs. However, the pre-award and manning table requirements still applied to participating contractors who utilized other critical skilled trades on highway construction projects.

Congress took a hand in trying to solve the problems growing out of the Cleveland plan by including an equal opportunities provision in the Federal-aid Highways Act of 1968.²⁷ This Act, signed by President Johnson on August 25,

1968, sets up a pre-qualification plan for all bidders on Federal highway projects. It provides for joint Federal-State development and approval of equal employment opportunity guidelines. Only contractors who comply with the FHWA-State program will qualify to bid on Federally aided projects. This plan goes into effect December 1, 1968. Until then, the pre-award program is still in effect. The States have to sign pledges of compliance with the equal employment opportunity requirements of the Act. No new Federal aid highway project may be approved for a State until it has signed the pledge. As of September 30, 1968, 27 States had signed compliance pledges.²⁸

The Cleveland pre-award compliance program has made some moderate progress. It has not ended discrimination or solved the Negro's unemployment problems, but at least a start has been made towards breaking down the barriers. The Equal Employment Opportunity Staff in DOT has played an important role in this program. If the new pre-qualification program is actively supported in good faith by all parties concerned; it should be an important step in ending discrimination in the building trades, not only in Cleveland, but throughout the country.

The Policy in Operation: Air Traffic Controllers

The growth of air traffic in the United States in the last ten years has been phenomenal. One factor that compounds the problem of increased air traffic is the shortage of air traffic controllers. The FAA publicly admitted in October of 1967 that there was an acute shortage in air traffic controllers.²⁹ However, even before they admitted the problem, FAA was conducting an extensive recruiting and training program. Secretary of Transportation Alan Boyd and Director of Equal Opportunity, Richard Lally, saw in this recruiting drive "excellent opportunities for the employment, training, and advancement of qualified minority group citizens and improvement of FAA's and the Department's minority group employment records."³⁰ Mr. Lally requested a special report on FAA's efforts to recruit minority group members.³¹

The FAA normally had few employees in air traffic control who were members of minority groups. As of June 30, 1967, only 3.2% of its controllers were members of minority groups, including 1.2% Negroes.³² By November 30, 1967, there had been no improvement, with 2.5% minority representation, including 1.3% Negroes.³³ FAA officials said they would make every effort to improve this record if Congress approved the supplemental budget which would increase the number of new air traffic controllers from 649 to 1,449.³⁴ Congressional

approval was obtained. An improvement in FAA minority recruitment was especially essential because air traffic controllers comprise 40% of FAA's total employment and 30% of DOT's civilian employment.

The biggest problem in the eyes of the Equal Employment Opportunities Staff was the excessively high qualification set on employment which put the jobs out of reach of most minority group people. Mr. Lally requested the Department's Director of Personnel and Training to reevaluate its qualification standards for air traffic controller positions. He particularly questioned the requirement of a college degree,³⁵ private pilot or air traffic control experience. A problem in reporting on minority employment also arose because of the Federal employment policy of not keeping records of employees' race, color, or national origin.

FAA indicated it was actively pursuing its equal opportunity program and intended to intensify its efforts.³⁶ The Director of Personnel and Training for the Department, George S. Maharay, informed Mr. Lally that the Civil Service Commission was already reevaluating the qualification standards for air traffic controllers.³⁷

On May 20, Mr. Maharay reported on FAA's progress. He said that substantial effort had been made in recruiting minority group members, but that the results were minimal. Statistics were lacking, but he believed that minority group

hiring was about the same as before. He was hopeful that the Civil Service Commission would approve a new standard for college graduates at a GS-7 level. FAA would then begin college recruitment programs with heavy concentration on Negro colleges. The new CSC standards would call for a GS-4 trainee position, but FAA did not plan to utilize these standards because GS-4 people had to spend 18 more months training than GS-7 people. Extensive recruiting was done on Negro campuses, but no tangible results were immediately evident.³⁹

In July, Mr. Lally reviewed FAA's progress and decided that their attempts at recruiting minority groups had been unsuccessful. He informed Secretary Boyd of this fact and asked the Secretary to request a report from FAA.⁴⁰ Secretary Boyd in turn requested a report on the FAA program including an estimate of long-range results.⁴¹

Positive results were still lacking. When the Minority Group Census for DOT was published in September, it was shown that minority group representation in air traffic occupations was unchanged.⁴² Minority group representation remained at 2.5% and Negro employment at 1.4%.

Pressure was brought to bear on the FAA, and at the Secretary's Special Equal Opportunity Conference on October 22, the FAA made several commitments to accelerate its equal employment opportunities program. In essence the new FAA

program is as follows:

1. Appointing 18 specialists to concentrate on Negro and other minority recruiting;
2. Reviewing the qualification standards of jobs to identify those which can be restructured to provide greater opportunities for Negroes;
3. Conducting a skills inventory of current group employees to assure more skills are being utilized;
4. Establishing an Air Traffic Control Co-operative Study Program at Langston College, Oklahoma, and at other predominately Negro institutions; and
5. Structuring basic skills work-study courses for the disadvantaged.

The Policy in Operation: The Coast Guard's Curtis Bay Yard

In December of 1967, Mrs. Juanita Jackson Mitchell of the Baltimore NAACP sent a complaint to the Civil Service Commission of discrimination at the Coast Guard Yard at Curtis Bay, Maryland. Some similar complaints had been lodged in the past. Assistant Secretary for Administration Alan L. Dean requested that the Coast Guard conduct an evaluation of the situation.⁴³ Admiral W.L. Smith, Commandant of the Coast Guard, cooperated by ordering an immediate⁴⁴ investigation.

An inquiry was conducted by the Coast Guard during the

period January 2-18, 1968, and evidence was found of nepotism and poor management as well as racial discrimination. As part of its investigation, the Coast Guard conducted a review of the Equal Employment Opportunity program at Curtis Bay. Each civilian on duty was requested to complete an attitude questionnaire. Seventy-one percent of the civilian employees at the yard responded. Employees were also allowed to request confidential interviews if they desired. In addition, the investigators chose a number of employees at random for interviews so that a total of 129 interviews were held. Forty-eight supervisors were interviewed to determine their attitudes toward the Yard Equal Opportunity Program and the adequacy of the training seminars conducted by the Industrial Relations Department.

The investigation was difficult because the discrimination patterns were more covert than overt. The percentage of Negroes working at the Yard was a relatively high 19.5%, but discriminatory patterns manifested themselves in other ways. Evidence was presented that in several of the shops Negroes were assigned the less desirable jobs. It was also found that a higher percentage of Negro than white employees were separated for cause during their probationary period. Some witnesses stated that supervisors often discriminated in approving sick and emergency leave. The training programs were found to be non-discriminatory but were often not as

effective as they should be in aiding disadvantaged Negro employees. The investigators believed that some of the written examinations for promotion were discriminatory. Many employees believed that the locker rooms were segregated in the public work shops. Other complaints were concerned with nepotism and poor management rather than racial discrimination.⁴⁵

On May 27, Secretary Boyd acknowledged receipt of the report and commended the Coast Guard for its integrity in criticizing one of its own components. Judging the situation at Curtis Bay to be extremely serious, he urged the Coast Guard to take prompt, vigorous action to solve the problems that were uncovered.⁴⁶

The Coast Guard developed an action plan which was presented to Assistant Secretary Dean in July. He approved the plan in essence, but raised some minor questions. He suggested to Secretary Boyd that he approve the plan.

The Coast Guard investigators made several recommendations to lessen discrimination at Curtis Bay. A critical evaluation of the Industrial Relations Department should be made as soon as practicable. All civilian supervisors should be made aware of their responsibilities to assure equal opportunity and treatment, and they should be reminded that discrimination is cause for disciplinary action. A rotation system for all employees should be planned so that undesirable

work is shared by all. Supervisors should be given further EEO training. Promotion tests should be reexamined and modified. Charges of discrimination in locker areas should be investigated. Strenuous efforts should be made to obtain Negro apprentices in each trade. Contact should be maintained with each minority group organization for this purpose. The number of Negroes in certain offices should be increased. Shop heads should be required to make semi-annual reports on their positive actions to implement the EEO program. The report also explained how these recommendations were being implemented.

Secretary Boyd accepted the Coast Guard's plan, but questioned two aspects of it: the Coast Guard's plan to encourage supervisors to support the Department's policies, and its action to discipline the supervisor who had been characterized as abusive to all his employees.⁴⁸

The Department's Equal Employment Opportunity program can be judged a qualified success. Although policy has been determined at the Secretary's level, there has been less acceptance at the lower levels. To achieve success, more minority group members must be employed, and far greater emphasis must be placed on upgrading qualified minority group members. The long-range goal of the EEO program is to phase itself out, for it will not be a complete success until it is no longer needed.

FOOTNOTES

1. Executive Order 11246, Part I, September 24, 1965; Executive Order 11375, Part I, October 13, 1967.
2. Executive Order 11246, Parts II-III, September 24, 1965; Executive Order 11375, Parts II-III, October 13, 1967; Civil Rights Act (PL 88-352), 1964, Title VI; Civil Rights Act (PL 90-269), 1968, Title VIII.
3. Secretary Boyd to Administrators, memorandum, July 5, 1967.
4. DOT Order 1000.2, July 5, 1967.
5. Edward C. Sylvester, Jr., Director of Office of Federal Contract Compliance, Department of Labor, to various Heads of Agencies, memorandum, February 10, 1967.
6. Edward C. Sylvester, Jr., to various Heads of Agencies, March 15, 1967.
7. Rear Admiral M.A. Whalen, USCG Chief of Staff, to Alan Dean, Assistant Secretary for Administration, DOT, November 3, 1967; Alfred S. Hodgson, Director, Headquarters Administration, NASA, to Alan Dean, letter, August 29, 1967.
8. Frank J. Szalay, Equal Opportunity Officer, Cleveland, to August Schafer, Regional Federal Highway Administrator, memorandum, August 30, 1967.
9. P.E. Masheter to William E. Reed, letter, September 26, 1967.
10. K.V. Potter to P.E. Masheter, letter, October 11, 1967.
11. P.E. Masheter to William E. Reed, letter, October 18, 1967.
12. Charles Doneghy to K.V. Potter, phone conversation, October 19, 1967.
13. Charles E. Doneghy, Area Coordinator, OFCC, to Vincent C. Macaluso, Assistant Director for Construction, Department of Labor, memorandum, December 19, 1967; Interview with Doneghy, January 9, 1968.
14. Note on Potter memorandum of October 18, 1967.
15. Bridwell to Lally, memorandum, October 17, 1967.
16. Lally to Bridwell, memorandum, October 31, 1967.

17. Proposed Proposal Note, December 14, 1967.
 - ✓18. Lally to Bridwell, memorandum, January 8, 1968.
 - ✓19. Lally to Everett Hutchinson, Under Secretary of Transportation, memorandum, February 20, 1968.
 - ✓20. Alan Boyd to Federal Highway Administrator Lowell K. Bridwell, memorandum, March 16, 1968.
 21. Cincinnati Post and Times Star, March 19 and 26, 1968;
✓DOT Weekly Highlights, March 28, 1968.
 - ✓22. Bridwell to F.C. Turner, memorandum, April 11, 1968.
 23. Cleveland Press, April 9, 1968, p. B2.
 - ✓24. Cleveland NAACP to Alan Boyd, telegram, April 3, 1968.
 25. Cleveland Press, April 9, 1968, p. B2.
 - ✓26. Lally to Boyd, memorandum, July 18, 1968.
 27. Congressional Record, House of Representatives, July 7, 1968.
 - ✓28. Fair Employment Report, Sept. 30, 1968, p. 96.
 - ✓29. Washington Post, October 3, 1967.
 - ✓30. Lally to Administrator, FAA, memorandum, September 11, 1967.
 - ✓31. Ibid.
 - ✓32. James V. Nielsen, Director of Compliance and Security, FAA, to Associate Administrator for Personnel & Training, memorandum, October 20, 1967
 - ✓33. Notation by Lally on October 20, 1967 memorandum.
 - ✓34. Nielsen to Lally, memorandum, October 20, 1967.
 - ✓35. Lally to Director of Personnel & Training, DOT, memorandum, February 19, 1968.
 - ✓36. Nielsen to Lally, memorandum, February 27, 1968.
 - George S.
 - 37./ Maharay, Director of Personnel & Training, DOT, to Lally, memorandum, March 7, 1968.
-

- ✓38. Maharay to Lally, memorandum, May 20, 1968.
 - 39. Nielsen to Lally, memorandum, February 28, 1968.
 - ✓40. Lally to Boyd, memorandum, July 5, 1968.
 - ✓41. Boyd to FAA Administrator, memorandum, July 12, 1968.
 - ✓42. Equal Opportunity Weekly Highlights, September 19, 1968.
 - ✓43. Alan L. Dean, Assistant Secretary for Administration, to Boyd, memorandum, May 24, 1968.
 - ✓44. Admiral W. L. Smith, Commandant of Coast Guard, to Maharay, memorandum, December 7, 1967.
 - ✓45. Report of Review, submitted May 13, 1968.
 - ✓46. Boyd to Smith, memorandum, May 27, 1968.
 - ✓47. Action Plan for Coast Guard Yard, Curtis Bay, Maryland, submitted July 1, 1968.
 - ✓48. Boyd to Smith, letter, August 3, 1968.
-

Memorandum

OFFICE OF THE SECRETARY

DATE: July 5, 1967

73

SUBJECT: Equal Opportunity

In reply
refer to:

FROM: The Secretary

TO: Administrator, Federal Aviation Administration
Administrator, Federal Highway Administration
Administrator, Federal Railroad Administration
Administrator, St. Lawrence Seaway Development Corporation
Chairman, National Transportation Safety Board
Commandant, United States Coast Guard

Today I signed the order establishing Department of Transportation policy on equal opportunity. An advance copy is attached. While that order states our official policy, I want to take this opportunity to share with you my total and unequivocal personal commitment to the letter and spirit of this policy. I ask for yours.

I ask also that you enlist the support and leadership of managers and supervisors at all levels and that they in turn solicit the involvement and commitment of all employees and representatives. It is only through the personal involvement of all persons at all levels that we will succeed in making equal opportunity a reality in fact as well as in the stated policy of the Department. I know that much has been done in this important area. However, much more remains for us to do. Equal opportunity must become a firmly established way of life in all of our programs and activities.

To paraphrase a statement of President Johnson to his cabinet: The Department of Transportation must never be either the active or passive ally of any who flout the Constitution of the United States. Regional custom, local tradition, personal prejudice or predilection are no excuse, no justification, no defense in this regard. Where there is an office, an officer or the participation of this Department, there must be equal opportunity, equal treatment, equal respect, equal service and equal support for all American citizens, regardless of race, color, religion, sex or national origin.

Alan S. Boyd
Alan S. Boyd

Attachment


U. S. DEPARTMENT OF LABOR
Office of Federal Contract Compliance
Washington, D. C. 20210

ATTACHMENT A

February 10, 1967

MEMORANDUM

To: Heads of Agencies

From: Edward C. Sylvester, Jr. 
Director

Subject: Executive Order 11246 Pre-Award Compliance Reviews
for Construction Contracts - Cleveland, Ohio

As indicated in recent discussions with agency Compliance Officers, several construction areas were to be chosen for coordinated agency action to produce more meaningful and consistent affirmative actions by contractors.

The Cleveland, Ohio, area, in addition to the San Francisco Bay Area, St. Louis, and another undetermined city, have been selected.

The broad policy requiring agency pre-award compliance reviews for major construction contracts continues with emphasis on areas served by the Area Coordinators.

It is requested that all Federal agencies active in contract construction in the Cleveland area conduct pre-award examinations pursuant to all bids and applications in which total construction costs exceed one-half million dollars. The examination should include applicants, general contractors and major subcontractors and be designed to assure full compliance with the equal employment opportunity provision of the contract. The contractors and major subcontractors should be required, as part of this examination, to submit affirmative action programs which will have the result of assuring that there is minority group representation in all trades on the job and in all phases of the work.

Vincent Macaluso, the OFCC Assistant Director for Construction, or I will be available to assist you in any way.

JMA

U. S. DEPARTMENT OF LABOR
Office of Federal Contract Compliance
Washington, D. C. 20210

(b)

MAR 15 1967

MEMORANDUM

TO: Mr. William W. Layton, Department of Agriculture
Mr. Harry S. Trzynor, Atomic Energy Commission
Honorable David R. Baldwin, Department of Commerce
Honorable Thomas D. Morris, Department of Defense
Mr. James V. Nielsen, Federal Aviation Agency
Mr. Harry R. Van Cleve, Jr., General Services
Administration
Mr. F. Peter Libassi, Department of Health, Education
and Welfare
Honorable Robert C. Wood, Department of Housing and
Urban Development
Mr. Paul Boyajian, Department of the Interior
Mr. George J. Vecchietti, National Aeronautics and Space
Administration
Mr. Howard S. Schilling, National Science Foundation
Mr. John P. Carter, Post Office Department
Mr. Raymond L. Forshay, Tennessee Valley Authority
Honorable Robert A. Wallace, Department of the Treasury
Mr. George L. Holland, Veterans Administration

FROM: Edward C. Sylvester, Jr. *EC*
Director

SUBJECT: Operational Plan for Pre-Award Examinations in the
Cleveland Contract Construction Program

For your information I attach a copy of my February 10 Order on
Cleveland Area Construction Contracts, as Attachment A.

Also for your information I attach a chart which indicates our
information regarding the responsibilities and capabilities of your
agency in connection with the undertaking, as Attachment B.

I. Coordination Plan

The Cleveland Area Coordinator will spend full time on this program. In addition, either my Assistant Director for Construction or I will participate personally at each significant event in the Cleveland Area during this program.

In order that the Area Coordinator and this Office may give support and assistance to your agency's program, please provide:

- (a) to the Cleveland Area Coordinator, a copy of each announcement sent to prospective bidders on all proposed contract construction covered by the February 10 Order, at the same time it is sent to prospective bidders;
- (b) to the Cleveland Area Coordinator and to my Office, ten days' advance notice of each scheduled pre-award conference covered by the February 10 Order; and,
- (c) to the Cleveland Area Coordinator a copy of the written affirmative action programs submitted in connection with the February 10 Order before the contracts are awarded.

From time to time, as the program develops, the Assistant Director for Construction will issue supplementary instructions and guidelines.

II. Geographical Application of the February 10 Order

For the purpose of this Order the Cleveland Area covers the following seven counties of Ohio: Lorain, Medina, Cuyahoga, Summit, Lake, Geauga, and Ashtabula.

III. General Facts

1. There are currently very few, if any, unemployed journeymen in any of the higher-paid building trades in the Cleveland Area today. Moreover, the supply of apprentices who are about to graduate is small compared to the current demand and the prospective demand for their services. This situation will be more fully discussed below. Because of the high level of construction activity in most other urban areas of the country, it is unlikely that construction needs could be met from skilled craftsmen imported from out of town.
2. There is now and will be in the next several years a significantly high level of Federally-involved construction. A great deal of this Federal money will be invested in the expansion of the nine local colleges. Cleveland State University and the Cuyahoga College have just begun their building programs amounting to about 39 million dollars, with plans for additional buildings not yet approved. The combined dollar value of construction on six of the nine colleges in the area is now about 70 million dollars. The National Aeronautics and Space Administration has planned new buildings and facility replacements for this year which are estimated to cost about 25 million dollars. No announcement has been made on the dollar value of the extension of the public transportation facility to the airport, but it has been estimated to as much as 100 million dollars. In addition, there is a large urban renewal program which may get underway this year.
3. Federally-involved construction in the area has been conservatively estimated to exceed \$123,000,000 which is more than half of all construction in this area. In 1966 Cuyahoga County alone had a total non-residential construction of \$215,000,000. This is expected to increase in 1967 by at least ten percent.
4. The city of Cleveland is now about 35% Negro. Lorain County, an industrialized section adjacent to Cleveland, is 10% Puerto Rican and 8% Negro.

IV. Program Requirements

Under the February 10 Order each covered low bidder shall submit, on behalf of himself and his prospective major subcontractors, written

affirmative action programs setting forth details on how he proposes to act affirmatively. The programs must have the results of assuring that there will be minority group representation in all trades on the job and in all phases of the work, as the February 10 Order requires.

Most of the problems lie with the higher-paid trades such as plumbers, pipefitters, electricians, sheet metal workers, ironworkers, and operating engineers. No program can be acceptable which does not deal satisfactorily and specifically with these trades if the contractor or subcontractor plans to use them. Attachment C contains a description of the problems involved, with advice for their solution by the contractors and subcontractors.

In order to have effective area impact, all compliance reviews of construction projects underway in the Cleveland Area should also be guided by these program requirements.

The Cleveland program differs substantially from the current San Francisco and St. Louis programs. However, there are several general reminders which should be in the forefront of our minds, here as elsewhere. They are set forth below and should be clearly enunciated during each pre-award examination.

One is that all contractors and subcontractors must understand that it is their responsibility to design an affirmative action program which will result in equal employment opportunity. They are

expected to exercise the same imagination and ingenuity in solving these problems as they do in any other aspect of their management, although your agency will wish to give them whatever assistance and support seem appropriate.

Second, there will be some elements of affirmative action which may be best carried out by a common agent of contractors, such as a contractor association or a joint apprenticeship committee (JAC). If a contractor or subcontractor chooses to call upon such an agent to assist it in carrying out its obligations it should be encouraged to do so, but it cannot shift the responsibility to the association or other agent. An affirmative action program including such arrangements will be acceptable only if there is sufficient evidence that the agent's portion of the program will in fact be performed. Sufficiency of the evidence should be measured by the extent to which the association or other agent has defined, financed and staffed its program. Thus, a mere commitment by a low bidder or contractor to ask his association or JAC to carry out a given program cannot be acceptable affirmative action, no matter how good the program would be.



DEPARTMENT OF TRANSPORTATION
UNITED STATES COAST GUARD

Address reply to:
COMMANDANT (CAM)
U.S. COAST GUARD
WASHINGTON, D.C.
20591

3 NOV 1967

MEMORANDUM FOR THE ASSISTANT SECRETARY FOR ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

From: Commandant, U. S. Coast Guard

TAN Control 11-13
DUE: 11/16

Subj: Cleveland Federal Executive Board Pre-apprentice Training Program

1. A report of activity of the Federal Executive Board in Cleveland, Ohio, and Coast Guard participation therein has been received, which is summarized herein and selected material referring to the program is enclosed.
2. Executive Order No. 11246 charges the Department of Labor with the responsibility of assuring that federally funded construction has ample minority representation in all trades working on a given project. The aforementioned Executive Order also gives the Department the authority to suspend operations on any federally funded construction in which such minority group representation is not present. Cleveland, Ohio, was chosen as a target city for implementation of Executive Order No. 11246 and in excess of 100 million dollars of Federal construction is being held up in the Cleveland area.
3. After the Department of Labor halted work on Federal construction the Federal Executive Board took the initiative in deciding to seek a way to assist Cleveland area contractors in complying with the Executive Order. As indicated in enclosure 1, the Board decided to conduct a three-week Pre-apprentice Training Program to provide local contractors with a manpower pool of minority group members possessing rudimentary skills in the construction trades.
4. The National Aeronautics and Space Administration (NASA), Defense Contract Administration Service Region Cleveland (DCASR), Navy Finance Center, and U. S. Coast Guard were the Federal agencies concerned with the planning and implementation of the program.
 - a. NASA's Lewis Research Center personnel recruited 100 trainees for the program. Each trainee was carefully screened to make sure he had the aptitude and interest to complete the program. All trainees had at least a high school education, none had police records more serious than minor traffic violations, etc.
 - b. The program was conducted at Lewis Research Center, Plum Brook Station, Sandusky, Ohio. NASA personnel from Plum Brook station prepared the site for the program.
 - c. DCASR Cleveland provided tents, showers, and field kitchens. This equipment was procured from the First Army Command through the cooperation of Lieutenant General J. B. Lampert, Acting Assistant Secretary of Defense for Manpower.

d. Personnel from Coast Guard ORTUPS(O) 09-82650, Sandusky, Ohio, assembled and disassembled the tents and lavatory facilities at the campsite.

e. Commissarymen from both the Coast Guard and Coast Guard Reserve set up and operated messing facilities for the trainees and staff.

f. All agencies involved provided personnel for camp staff and counselors.

g. Enclosure 2 depicts the three-week schedule for the program. Instructors for the various courses of instruction were drawn from NASA employees and local contractors.

5. Coast Guard personnel involved in the program were as follows:

a. LTJG John J. SAUNDERS, Jr. 42640 USCGR, Commander, Ninth Coast Guard District (r); Coast Guard Project Officer.

b. LT Carl E. CAMPBELL 50727, USCGR, ORTUPS(O) 09-82626, Erie, Penna.; Camp Director.

c. CHPHAR Jeffery L. COGBORN 51360 USCGR, ORTUAG 09-83619, Detroit, Michigan; Medical Officer.

d. YNCM Franklin F. SMITH 280 393 USCG, Commander, Ninth Coast Guard District (r); Assistant Camp Director.

e. YNCPORPL William G. UHRIG 325 092 USCG, Commander, Ninth Coast Guard District (o); Counselor.

f. YN1CRPL John C. CRAWFORD II 338 332 USCG, Commander, Ninth Coast Guard District (dl); Counselor.

g. SK2 Derhl H. O'NEAL 340 036 USCG, Commander, Ninth Coast Guard District Counselor.

h. BM3 Alan H. STONER 2055 040 USCGR, USMR Surface Division 9-9 (S), Appleton, Wisconsin; Counselor.

i. YN3 James K. CRAFT 352 236 USCG, Commander, Ninth Coast Guard District (p); Counselor.

j. DC3 Richard M. BRADBURY 2028 209 USCGR, ORTUAG 09-83619, Detroit, Michigan; Counselor.

k. SN Robert A. MC AULY 2026 341 USCGR, ORTUPS(O) 09-82630, Forest Park, Illinois; Counselor.

l. CSC Glenn HAUGE 2026 512 USCGR, ORTUPS(O) 09-82640, Madison, Wisconsin; Commissary Officer.

m. CS1 Ernest REGAN 341 371 USCG, USCGC WOODBINE (WLB-289), Grand Haven, Michigan; Cook.

n. CS2 Anthony J. DISCUS 339 810 USCG; CG Group Buffalo, New York; Cook.

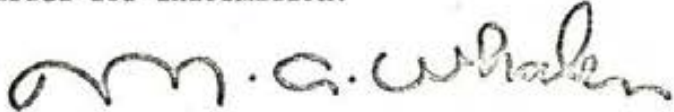
o. CS3 Albert DITURNO, Jr. 361 520 USCG; CG Group Buffalo, New York; Cook.

p. SN David J. SPATOLA 2026 568 USCGR; ORTUPS(O) 09-82640, Madison, Wisconsin; Cook.

6. All Coast Guard personnel who were involved in the program have received a personal letter of appreciation from Commander, Ninth Coast Guard District.

7. While it is not possible at this time to judge the impact of the program, the Coast Guard's participation is considered to have contributed measurably to the smooth and efficient conduct of the program.

8. Enclosure 3, a number of photographs prior to and during the program, and enclosure 4, the Cleveland Federal Executive Board's Report of the program entitled "One Step Forward," are forwarded for information.



M. A. WHALEN
Rear Admiral, U. S. Coast Guard
Chief of Staff

- Encl: (1) Minutes from FEB meeting of 6 Jul 67
(2) Pre-Apprentice Training Program Three-Week Schedule
& Program Purpose and Objectives
(3) Photographs
(4) "One Step Forward"

NOV 27 1967
RECEIVED
100-11032

NOV 27 1967
100-11032

NOV 27 1967
100-11032

X

September 12, 1967

Mr. Alfred S. Hodgson
Director, Headquarters Administration
National Aeronautics and Space Administration
Washington, D. C. 20546

Dear Al:

Thank you for your letter of August 29 concerning the work being done by the Cleveland FEB in pre-apprentice training. I am delighted, but not necessarily surprised, to hear of the help Rear Admiral Charles Tighe has been in this effort.

The diversified contributions being made by the various Federal agencies in the support of the program is especially noteworthy. This type of teamwork, which incidentally we are endeavoring to foster within DOT, can achieve results far beyond what any individual department or agency can hope to accomplish proceeding alone. It must be contagious. As you probably know, the Philadelphia Plan for Construction Contract Compliance was also innovated under the leadership of the Federal Executive Board.

The pre-apprenticeship program idea is also becoming more widely accepted since the program of the Workers Defense League produced significant results in New York. It now looks as if this will be one of the most effective means of bringing about employment of minorities in the building trades unions.

I appreciate your letting me know of the contributions of DOT personnel.

Sincerely,

(SIGNED) ALAN L. DEAN

Alan L. Dean

CC: TAD-1
RJCoates:nmb:TAD-50:9/6/67
ALDean:nn:TAD-1:9/12/67:Rewrite

| |
|---------------|
| CONCURRENCE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |

NOTE: COPY SENT
MR SHANKS, EEO
USCG - 10-2-6



NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
WASHINGTON, D.C. 20546

(7)

IN REPLY REFER TO:

AUG 29 1967

Mr. Alan L. Dean
Assistant Secretary for Administration
Department of Transportation
Washington, D.C.

Dear Al:

The Cleveland Federal Executive Board has sponsored a Pre-apprenticeship Training Program with the primary objective of qualifying Negro boys for selection as apprentices in the building trades. This is an affirmative effort to get Negroes into the building trades unions and thereby break the logjam on Federal construction in the Cleveland area.

The motivating force behind this move is Dr. Abe Silverstein, Director of Lewis Research Center, and Chairman of the Cleveland FEB. His able assistant is Rear Admiral Charles Tighe, Commandant, Ninth Coast Guard District. The purpose of my letter is to inform you of the constructive and wholehearted support of Admiral Tighe in the operation of the training center. NASA has provided the billets and employed the boys under the YOC program, provided some of the counselors, the instructors and the facilities. The Coast Guard is operating the camp; DOD has supplied the tents, cots, bedding and other field equipment; and the USES produced the boys--all in strict compliance with the rules.

Admiral Tighe has been a tremendous help and I know you would want to know how we feel about his support.

Sincerely yours,

Alfred S. Hodgson
Director
Headquarters Administration

X I should have said Vice Chairman.

X

Memorandum

Mr. August Schofer
Regional Federal Highway Administrator
Through
TO Mr. George H. Worley
Regional Equal Opportunity Officer
Hagerstown, Maryland
FROM Frank J. Szalay
Equal Opportunity Officer
Cleveland, Ohio
SUBJECT Cleveland Operational Plan - Federal Highway Administration and OFCC
Construction Compliance Program

DATE: August 30, 1967

In reply refer to:
02-00.11

30 Sent Sept 9-12-67

The following guidelines have been developed by the Federal Highway Equal Employment Opportunity Officer and the Cleveland Area Coordinator and are submitted to aid successful bidders of Federal-aid highway contractors to prepare an effective Equal Employment Policy to conform to the directive issued by Mr. Edward C. Sylvester, Jr., Director of OFCC on March 15, to the heads of executive departments. The directive is supplemented by additional instructions in the August 16, memorandum by Mr. Lowell K. Bridwell, Federal Highway Administrator.

Each prime contractor shall submit with his bid proposal for each Federal-aid highway project located in Lorain, Medina, Cuyahoga, Summit, Lake, Geauga and Ashtabula counties in Ohio a written Affirmative Action Program in conformance with the Civil Rights Law Title VI and the Executive Order 11246. They shall be binding upon him and each of his subcontractors. Such program shall be subject to the approval of the local area coordinator and a representative of the Federal Highway Administrator prior to the execution of the contract by the Ohio Highway Department.

A preaward conference shall be conducted with the apparent low bidder, Federal Highway representatives and the Department of Labor to evaluate and suggest procedure for the implementation of the program.

The suggested Affirmative Action Program shall include the following:

1. Statement of company Equal Employment Policy.
2. Designation by name of Equal Employment Policy Officer.
3. Steps to be taken to assure nondiscriminatory recruitment.
 - a. Advertisements in all papers including those that serve the largest number of minority groups.
 - b. Recruitment through colleges and schools.

(more)



BUY U.S. SAVINGS BONDS REGULARLY ON THE PAYROLL SAVINGS PLAN

- c. Systematic recruitment through minority group organizations.
- d. Encourage minority group applicants through referral by current employees.
- 4. Assure nondiscriminatory hiring by company.
 - a. Through personal instructions to all members of company staff.
 - b. Cooperation with unions to develop programs to assure qualified minority persons of equal opportunity for employment and training.
- 5. Assurance that the company will make use of apprenticeship and other training programs.
 - a. Assist minority group to enter preapprenticeship in apprenticeship training programs.
 - b. Actively assist minority group employees to increase skills to be eligible for upgrading.
 - c. Active participation in JAC programs for fair and equal consideration of all applicants.
- 6. Prepare a proposed manning table for job under consideration.
 - a. Breakdown of current total workforce by trade and race on operating projects at the time of submission of the Affirmative Action Program.
 - b. Estimated total of workforce to be used on bid project and approximate number of minority personnel in each category.
- 7. Solicit bids from minority group subcontractors.
- 8. Systematic surveillance and assurance by company officials that the above program is completely implemented by all personnel and subcontractors.

cc: Mr. J. M. O'Connor



STATE OF OHIO
DEPARTMENT OF HIGHWAYS

Columbus, Ohio 43216

JAMES A. RHODES
Governor

P. E. MASHETER
Director

J. W. WILSON
Chief Engineer

September 26, 1967

Mr. W. E. Reed
Division Engineer
Bureau of Public Roads
700 Bryden Road
Columbus, Ohio

Re: Cleveland Operational Plan -
Equal Employment Opportunity

Dear Mr. Reed:

In accordance with our agreement of September 20, 1967, I am transmitting herewith, for approval, six copies of a note which we propose to insert in the bid proposals for Federal-Aid Projects, which are to be constructed in the seven county Cleveland Operational Plan area.

We solicit early approval in order that the EQUAL EMPLOYMENT OPPORTUNITY program can be implemented at the earliest possible date by inclusion of this note in our bid proposals.

Very truly yours,

P. E. Masheter
Director of Highways

PEM:cf

Better Roads For A Better

States Proposed Note
PROPOSED PROPOSAL NOTE

EQUAL EMPLOYMENT OPPORTUNITY AFFIRMATIVE ACTION PROGRAM

The bidder, pursuant to compliance with the provisions of Title VI of the Federal Civil Rights Law and Presidential Executive Order 11246, must submit with his bid a written Affirmative Action Program, which must include the following:

1. Statement of company Equal Employment Policy.
2. Designation by name of Equal Employment Policy Officer.
3. Agreement that the following steps will be taken to assure nondiscriminatory recruitment.
 - a. List of the names of newspapers in which advertisement will be inserted, including those newspapers which have a large circulation among minority groups.
 - b. Recruitment through colleges and schools.
 - c. Systematic recruitment through minority group organizations.
 - d. Encourage minority group applicants through referral by current employees.
4. Agreement to assure nondiscriminatory hiring.
 - a. Through personal instructions to all members of company staff.
 - b. Cooperation with unions to develop programs to assure qualified minority persons of equal opportunity for employment and training.
5. Assurance that the company will make use of apprenticeship and other training programs.
 - a. Assist minority group to enter preapprenticeship and apprenticeship training programs.

XERO
COPY

XERO
COPY

XERO
COPY

XERO
COPY

- b. Actively assist minority group employees to increase skills to be eligible for upgrading.
- c. Active participation in Joint Apprenticeship Council Programs for fair and equal consideration of all applicants.
6. Solicit bids from qualified minority group sub-contractors.
7. Agreement to diligently attempt, in conjunction with the labor unions, where applicable, to obtain minority group representation in all trades on the job and in all phases of the work.
8. Agreement that the Affirmative Action Program will be applicable to all sub-contractors and that company officials will conduct systematic reviews in order to assure that the above program is implemented by all personnel and sub-contractors.
9. Agreement to submit, at the pre-construction conference -
 - a. A breakdown of current total work force by trade and minority group on at least the operating projects located in Lorain, Medina, Cuyahoga, Summit, Lake, Geauga and Ashtabula Counties in Ohio (Cleveland Operational Plan Area).
 - b. An estimated breakdown of the work force by trade and minority group to be used on this project.

File *Return to WWH*

OCT 11 1967

Ohio Division Office

October 11, 1967

02-33.3.2

Mr. P. E. Masheter
Director, Department of Highways
Columbus, Ohio

Subject: Cleveland Operational Plan
Equal Employment Opportunity

Dear Mr. Masheter:

Reference is made to your letter dated September 26, 1967, transmitting copies of a note proposed for use as a proposal note in connection with the above subject.

The note as submitted has been reviewed by our Regional office and the Office of Federal Contract Compliance of the Department of Labor. Some of the items have been revised slightly and one item has been added.

Attached are 3 copies of the note as revised. Your review of the revised document will be appreciated. We have been informed that if the note as revised is satisfactory to the State, it may be considered as approved by the Bureau of Public Roads and the OFCC.

Very truly yours,

Sgd. K. V. Potter

For W. E. Reed
Division Engineer

Enclosures
cc:
File
Reading File
WEM
WHPaskins:ey

WEM

WER
KVP

13



STATE OF OHIO
DEPARTMENT OF HIGHWAYS

Columbus, Ohio 43216
JAMES A. RHODES
Governor

October 18, 1967

11

J. W. WILSON
Chief Engineer

P. E. MASHETER
Director

Mr. W. E. Reed
Division Engineer
Bureau of Public Roads
700 Bryden Road
Columbus, Ohio

Subject: Cleveland Operational Plan
Equal Employment Opportunity

1

Dear Mr. Reed:

In reply to your letter dated October 11, 1967, please be advised that I have examined the revisions which you submitted in connection with the note proposed for use as a proposal note in federal-aid projects in the seven county Cleveland Operational Plan Area.

The revisions which you have submitted in connection with Items 1 through 9 inclusive are acceptable to this department. I do however propose that Item No. 10 be changed to read as follows:

10. Agreement to submit a progress report to the contracting agency on a quarterly basis during the life of the contract designed to show as a minimum the total number of employees and the number of minority group persons actually hired in each of the crafts utilized on the project as outlined in 9 (b) above.

The insertion of the words "to the contracting agency", is strictly for purposes of clarification and specificity. A change from the word "monthly" to "quarterly" is proposed in order to reduce the large amount of paper work involved and thereby promote more efficiency and economy; and further, not only federal but state

- "Better Roads For A Better Ohio" -

Two
equal employment opportunity laws, rules, regulations and executive orders provide that compliance reviews may be conducted.

Your concurrence in the above changes is hereby requested.

Very truly yours,

P. E. Masheter

P. E. Masheter
Director

PEM/sw

RECEIVED
JUN 10 1964

Memorandum

DATE:

OCT 17 1957

In reply refer to:

51-50

(15)

TO : Mr. Richard F. Lally
Director of Equal Opportunity
Department of Transportation

FROM : Lowell K. Bridwell *Lowell K. Bridwell*
Federal Highway Administrator

SUBJECT: Proposed Equal Employment Opportunity Affirmative Action Program
Cleveland Operational Plan

There is enclosed for your approval and comments a proposed listing, for the guidance of prospective bidders, to be used in bid proposals for Federal-aid projects to be constructed in the seven-county Cleveland Operational Plan area.

Mr. P. E. Masheter, the Director of Highways for the State of Ohio, solicits our early approval in order that the equal employment opportunity program can be implemented at the earliest possible date by inclusion of this listing in their bid proposals.

Enclosure



BUY U.S. SAVINGS BONDS REGULARLY ON THE PAYROLL SAVINGS PLAN

Memo

DATE:

OCT 31 1957

(16)

SUBJECT: Proposed Equal Employment Opportunity Affirmative
Action Program Cleveland Operational Plan

FROM: Director of Equal Opportunity

TO: Administrator, Federal Highway Administration

The attached revised proposal note is recommended as approved for guidance of prospective bidders on projects in the seven-county Cleveland Operational Plan Area. You are requested to submit a copy of the proposal note meeting final approval as soon as such approval is reached.

Richard P. Lally
Richard P. Lally, TAD-50

Attachment

08560

PROPOSED PROPOSAL NOTE
EQUAL EMPLOYMENT OPPORTUNITY AFFIRMATIVE ACTION PROGRAM

The bidder, pursuant to compliance with the Presidential Executive Order 11246, must submit with his bid a written Affirmative Action Program, which must include, but is not limited to, the following:

1. Statement of company Equal Employment Policy.
2. Designation by name of Equal Employment Policy Officer.
3. Agreement that the following steps will be taken to assure Equal Opportunity in employment:
 - a. All advertisements for personnel will contain the notation "an Equal Opportunity Employer" and advertisements will be inserted in newspapers having a large circulation among minority groups. (Newspapers to be used shall be listed in the Affirmative Action Program)
 - b. Direct and systematic recruitment will be conducted through all public and private employee referral sources likely to yield qualified minority group applicants, including but not limited to schools, colleges and minority group organizations.
 - c. Current employees will be urged to encourage minority group persons to apply for employment.
4. Agreement to assure nondiscriminatory hiring through the following actions:
 - a. Assurance that all members of company staff authorized to hire and discharge or to recommend such action are made fully cognizant of the company's Equal Employment Policy commitments.

- d. Cooperation with unions will be sought aggressively to develop programs to assure qualified minority group persons of equal opportunity for employment and training.
5. Agreement that the company will make use of apprenticeship and other training programs.
 - a. Assist minority group applicants to enter preapprenticeship and apprenticeship training programs.
 - b. Actively assist minority group employees to increase skills to be eligible for upgrading.
 - c. Active participation in Joint Apprenticeship Council Programs for fair and equal consideration of all applicants.
6. Agreement to solicit bids from qualified minority group subcontractors.
7. Agreement to diligently attempt, in conjunction with the labor unions, where applicable, to obtain minority group representation in all trades on the job and in all phases of the work.
8. Agreement that the Affirmative Action Program will be applicable to all subcontractors and that company officials will conduct systematic reviews in order to assure that the above program is implemented by all personnel and subcontractors.
9. Agreement to submit, at the pre-award review conference -
 - a. A breakdown of current total work force by trade showing extent of minority group representation on the operating projects located in Lorain, Median, Cuyahoga, Summit, Lake, Geauga and Ashtabula Counties in Ohio (Cleveland Operational Plan Area).

- b. An estimated breakdown (manning table) of the work force by trade and minority group to be used on this project.
10. Agreement to submit a progress report on a monthly basis over the life of the contract designed to show as a minimum the total number of employees and the number of minority group persons actually hired in each of the crafts utilized on the project as outlined in 9(b) preceding.

Bureau of Public Roads
Ohio Division Office

December 14, 1967

02-33.3.2

Mr. P. E. Masheter
Director, Department of Highways
Columbus, Ohio

Subject: Cleveland Operational Plan
Equal Employment Opportunity

Dear Mr. Masheter:

In line with our telephone conversation of this date, on oral advice from our Washington and Regional offices, we approve the proposal note as transmitted to you by our letter of October 11, 1967 and accepted by your letter of November 24, 1967.

We do, however, suggest that you consider changing Item 10 of the proposed proposal note to read as follows:

"Agreement to submit a progress report on a monthly basis for the first three months after construction begins, and thereafter upon request, for the life of the project, designed to show as a minimum the total number of employees and the number of minority group persons actually used in each of the crafts utilized on the project as outlined in paragraph 9b preceding."

We also suggest revising the wording in the first paragraph of the proposal note to delete the reference to Title VI of the Federal Civil Rights Law. These two suggestions originate with Mr. O'Connor of our Washington office.

The attached copy of the proposal note incorporates the above changes and if satisfactory will apply to all PS&E's approved after today for the Cleveland Operational Plan Area. So that

(more)

your records and ours will be complete, please signify your acceptance of the amended proposal note in the reserved space.

The proposal note will apply to projects in the Cleveland Operational Plan Area having a total construction cost exceeding one-half million dollars. This figure is set forth in the documents transmitted with our August 15 letter.

It is hoped that the problems have now been resolved and the procedure will be implemented at once.

Very truly yours,

.sgd. W. E. REED

W. E. Reed
Division Engineer

Enclosures
cc:
File
Reading File
Region
Washington
WMHaskins:ey *WMD*

(17)

PROPOSED PROPOSAL NOTE

EQUAL EMPLOYMENT OPPORTUNITY AFFIRMATIVE ACTION PROGRAM

The bidder, pursuant to compliance with the provisions of Presidential Executive Order 11246, must submit with his bid a written Affirmative Action Program, which must include, but not limited to, the following:

1. Statement of company Equal Employment Policy.
2. Designation by name of Equal Employment Policy Officer.
3. Agreement that the following steps will be taken to assure Equal Opportunity in employment:
 - a. To assure that all advertisements for personnel contain the notation "an Equal Opportunity Employer" and that all advertisements be inserted in newspapers having a large general circulation in the area and among minority groups. (newspapers to be used shall be listed in the Affirmative Action Program)
 - b. Direct and systematic recruitment through all public and private employee referral sources likely to yield qualified minority group applicants, including but not limited to schools, colleges and minority group organizations.
 - c. Encourage minority group applicants through referral by current employees.
4. Agreement to assure nondiscriminatory hiring.
 - a. Assurance that all members of company staff authorized to hire and discharge or to recommend such action are made fully cognizant of the company's Equal Employment Policy commitments.

(more)

5

- b. Aggressively seek cooperation with unions to develop programs to assure qualified minority group persons of equal opportunity for employment and training.
- 5. Agreement that the company will make use of apprenticeship and other training programs.
 - a. Assist minority group applicants to enter preapprenticeship and apprenticeship training programs.
 - b. Actively assist minority group employees to increase skills to be eligible for upgrading.
 - c. Active participation in Joint Apprenticeship Council Programs for fair and equal consideration of all applicants.
- 6. Agreement to solicit bids from qualified minority group sub-contractors.
- 7. Agreement to diligently attempt, in conjunction with the labor unions, where applicable, to obtain minority group representation in all trades on the job and in all phases of the work.
- 8. Agreement that the Affirmative Action Program will be applicable to all sub-contractors and that company officials will conduct systematic reviews in order to assure that the above program is implemented by all personnel and sub-contractors.
- 9. Agreement to submit, at the pre-construction conference -
 - a. A breakdown of current total work force by trade showing extent of minority group representation on the operating projects located in Lorain, Medina, Cuyahoga, Summit, Lake, Geauga and Ashtabula Counties in Ohio (Cleveland Operational Plan Area).
 - b. An estimated breakdown of the work force by trade and minority group to be used on this project.

(more)

10. Agreement to submit a progress report on a monthly basis for the first three months after construction begins, and thereafter upon request, for the life of the project, designed to show as a minimum the total number of employees and the number of minority group persons actually used in each of the crafts utilized on the project as outlined in paragraph 9b preceding.

ACCEPTED:

By Ohio State Highway Department

P.E. Macbates
Director

12-14-67
Date

By Ohio Division Office, Bureau of Public Roads

A. G. S.
Division Engineer

December 14, 1967
Date

18

⑬

1/8/68

[illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible]

UNITED STATES GOVERNMENT

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

Memorandum

DATE: February 20, 1968

BRIEFING

SUBJECT: Cleveland and Philadelphia Plans for Equal Opportunity Construction Contract Compliance

In reply
refer to:

FROM : Director of Equal Opportunity

TO : The Under Secretary



As you know, I met with John Jamieson, Deputy Federal Highway Administrator, and Joe O'Connor, FHWA's Director of Audits and Investigations, today concerning the FHWA program for implementation of the special equal opportunity construction contract compliance plans in the Cleveland and Philadelphia areas. Mr. Jamieson's Special Assistant, Don Marion, also participated in the meeting.

The areas of disagreement were refined considerably as a result of this meeting. You will recall that Mr. Bridwell's position was one of complete disagreement with the pre-award concept of equal employment opportunity contract compliance. At this meeting, Mr. Jamieson said that the FHWA would accept and implement the pre-award approach in Cleveland and Philadelphia except that they will not obtain manning tables on a pre-award basis identifying the work force to be used on the project along with the minority group representation. He said these manning tables will be obtained at the pre-construction conference following award of the contract.

Mr. Jamieson said that the requirement for manning tables on a pre-award basis would give contractors an undue opportunity to withdraw from competition if they had determined that they had submitted a poor bid. He said that this would be a very real possibility in the highway construction field. Mr. Jamieson also felt that the submission of manning tables at a pre-construction conference would result in a much more meaningful and accurate submission in that the contractor will have had adequate time to survey in more specific terms his employment needs and sources.

With regard to the bid opening today, February 20, for a \$6.5 million project in the Cleveland plan area, it was decided that the FHWA would conduct a pre-award conference with the low bidder which would involve review and approval of the affirmative action program submitted with his bid. The results of this pre-award conference will be submitted to Mr. O'Connor and to this office for review. These results will be considered in the decision as to whether or not the FHWA will be required to obtain manning tables on a pre-award basis. If that is the decision, the FHWA will conduct a second pre-award conference at which the manning

tables will be obtained. If the decision is that manning tables will be secured after award of the contract at the pre-construction conference, FHWA can concur in the contract award. In any event, FHWA concurrence in the contract award will be withheld pending the decision of the Secretary on the manning table issue.

The FHWA has not issued a program or procedures for implementation of the Philadelphia plan. They will, however, conduct a similar pre-award conference with the identified low bidder in the \$6.3 million bid opening scheduled for February 23. This conference will be conducted under the same understandings summarized above for the Cleveland plan.

Mr. Jamieson said he was firm in his decision on the manning table issue. He said that the FHWA will not request or obtain manning tables on a pre-award basis unless specifically instructed to do so by the Secretary.

I advised Mr. Jamieson that obtaining manning tables on a pre-award basis is a basic and integral principle of the Cleveland and Philadelphia plans; that there would be absolutely no objection to following the FHWA approach involving pre-award conferences and submission of manning tables after award at the pre-construction conference throughout the Nation; but not in the Cleveland and Philadelphia plan areas. I advised that the total Government experience in Cleveland and Philadelphia indicates that the pre-award requirement for manning tables gets results and has not raised any insurmountable problems for other agencies involved in other than highway construction activities. On the other hand, there is absolutely no experience indicating the effectiveness of manning table submissions after the award of contracts. I expressed the position that under these circumstances, FHWA deviation from the accepted and ongoing total Government approach in Cleveland and Philadelphia will not be in the best interest of FHWA, the Department or the Federal equal opportunity program.

We will give the Secretary a further report on this matter following review of the pre-award actions taken in Cleveland and Philadelphia as indicated above. Recommendations for the Secretary's decision in the manning table issue will be submitted at that time.

Richard F. Lally
Richard F. Lally, S-30

cc: Deputy Under Secretary
Deputy Federal Highway
Administrator

Memorandum

DATE: MAR 16 1968

SUBJECT: Equal Opportunity Contract Compliance Program

In reply
refer to:

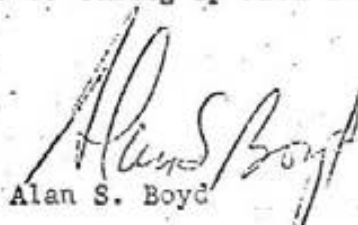
FROM: The Secretary

TO: Federal Highway Administrator

I have given very serious consideration to your views on the propriety and effectiveness of pre-award equal opportunity contract compliance actions as they relate to the Federal-aid highway program, particularly in the areas covered by the special Cleveland and Philadelphia plans.

Considering all pertinent facts, it is my decision that it will be in the best interests of the Department and the total Government equal opportunity program for the FHWA to immediately comply in full with the policies and procedures adopted for Government-wide application in the Cleveland and Philadelphia plan areas. This will include conducting conferences with identified low responsive bidders and obtaining appropriate manning tables from such bidders prior to the award of contracts covered by these special plans.

The implementation of the pre-award program in Cleveland and Philadelphia does not prejudice the technique which will ultimately be applied on a Nationwide basis. With respect to the contract compliance program in areas not covered by such special plans, I will be receptive to any reasonable alternative which I believe will accomplish the objectives of the program and is acceptable to the Office of Federal Contract Compliance. I suggest that on the basis of the Philadelphia and Cleveland experience, you devote efforts to coming up with alternatives if you want to present them.


Alan S. Boyd

RFLally:jl:S-30:2-27-68

Revised - 3-5-68 (per TGC-1 memo
of 3-1-68)cc: S-2
S-5
TGC-1
TPA-1
S-10(3)

The Secretary

Attached for your signature is an action paper to the Federal Highway Administrator intended to require FHWA implementation of the special Cleveland and Philadelphia plans for equal opportunity construction contract compliance.

My memo of February 23, also attached, provides pertinent background on this matter.

The proposed memo for your signature has been coordinated with the General Counsel and the Assistant Secretary for Public Affairs. Mr. Robson's comments have been incorporated in it. Although Mr. Swaney urges that you talk to Mr. Bridwell before sending the memo so he will not have to face it as a "fait accompli," I believe you have already discussed the situation with him.

I understand that Mr. Sitten has given you an earlier memo on this same problem.

Original signed by
Richard F. Lally
Richard F. Lally

S-30

23377

RFLally:jl:S-30:3-5-68

cc: S-10 (3)

| |
|-------------|
| RTG. SYND |
| INITIALS/CH |
| DATE |
| RTG. SYND |
| INITIALS/CH |
| DATE |
| RTG. SYND |
| INITIALS/CH |
| DATE |
| RTG. SYND |
| INITIALS/CH |
| DATE |
| RTG. SYND |
| INITIALS/CH |
| DATE |
| RTG. SYND |
| INITIALS/CH |
| DATE |

Memorandum

DATE: March 1, 1968

SUBJECT: Request for Decision - Equal Opportunity
Contract Compliance ProgramIn reply
refer to:

FROM: General Counsel

TO: Executive Secretary, S-10

I suggest the following in connection with the memorandum on Equal Opportunity Contract Compliance Program:

1. John Sweeney should have an opportunity to see it.
2. Recommend changing the last paragraph of the draft memorandum to Mr. Bridwell to read as follows:

"The implementation of the pre-award program in Cleveland and Philadelphia does not prejudice the technique which will ultimately be applied on a nationwide basis. With respect to the Contract Compliance Program in areas not covered by the opportunity plans, I will be receptive to any reasonable alternative which I believe will accomplish the objectives of the program and is acceptable to the Office of Federal Contract Compliance. I suggest that on the basis of the Philadelphia and Cleveland experience you devote efforts to coming up with alternatives if you want to present them."


John E. Robson

[illegible]

DOT F-1320.65 (4-57) OFFICIAL FILE COPY

UNITED STATES GOVERNMENT

U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

Memorandum

TO : J. M. O'Connor, Interim Director
Audits and Investigations
F. C. Turner, Director, Bureau of
Public Roads

FROM : Lowell K. Bridwell
Federal Highway Administrator

DATE: March 14, 1968

In reply refer to:

SUBJECT: Equal Opportunity Program

This is to confirm verbal instructions on the Secretary's decisions regarding the equal opportunity program in the Cleveland and Philadelphia areas.

The full preaward procedure of the Office of Federal Contract Compliance is to be implemented immediately in both the Philadelphia and Cleveland areas. This is to apply to all projects for whatever period of time the special programs are conducted in those urban areas.

In the specific instance of the presently pending bid of the Guepel Construction Company regarding Project No. 25-1968 Summit - I.R. 271 - 8.29, please implement the following procedure:

1. Notify the Ohio Highway Department that the positive action plan of the Guepel Construction Company must be modified to include all of the changes recommended by Mr. Lally.
2. Notify the Ohio Highway Department that the Guepel Construction Company must supply a manning table for the work it will undertake as well as manning tables for its subcontractors.
3. Notify the Ohio Highway Department that another conference must be held with the Highway Department and with appropriate representatives of the Guepel Construction Company to discuss the modifications in the positive action plan and the manning table and that both must be approved by the Area Coordinator of OFCC before the Bureau of Public Roads can concur in the award of the contract.



BUY U.S. SAVINGS BONDS REGULARLY ON THE PAYROLL SAVINGS PLAN

4. In the event Ohio cannot extend the time in which the bids are valid, or the affirmative action plan of the contractor is not approved, instruct the Highway Department that it is to reject all bids and readvertise the project.

In the instance of the Philadelphia contract in which the Peter Kiewit and Sons Company was identified as the low bidder, follow these instructions:

1. Attend the meeting already scheduled for March 15 between the Pennsylvania Highway Department and representatives of the Kiewit Company. Inform the Department and Company officials that the Company must submit an acceptable affirmative action plan in accordance with the requirements of OFCC's preaward procedures.
 2. Require the contractor to submit a manning table on behalf of the Kiewit Company and its subcontractors for all work to be undertaken as a part of the contract.
 3. Notify the Pennsylvania Highway Department and the Kiewit Company that a preaward conference will be held after the submission of the Kiewit Company's positive action plan and manning tables.
 4. Notify the Highway Department and the Kiewit Company that we will not concur in the award of the contract until an acceptable positive action plan and manning tables are submitted and approved by the OFCC Area Coordinator.
 5. In the event the State of Pennsylvania cannot legally extend the bids for the length of time necessary to accomplish the above stated instructions, instruct the Pennsylvania Highway Department to reject all bids and readvertise the project.
-
-

Please notify the Ohio and Pennsylvania Highway Departments that the OFCC preaward procedure will be used in the future in both the Cleveland and Philadelphia areas and that their respective documents and procedures for advertising for bids should be amended to reflect this policy.

cc: Mr. Lally ✓

MAR 28 1959

INFORMATION - Weekly Highlights

Director of Equal Opportunity

The Secretary

- Ohio State Highway Director Publicly Charges DOT Equal Opportunity Program Threatens Competitive Bidding Process and Will Delay Highway Construction. An article which appeared in the Cincinnati Post March 19 (copy attached) reports that P. E. Masheter, Ohio Highway Director, charged that the manning table requirement repudiates a three-month old agreement between his department and the Bureau of Public Roads. Also, that Operating Engineers Local 18 has telegraphed Secretary of Labor Wirtz threatening a strike against all Federal-aid highway projects if Federal officials attempt to impose a quota on the hiring of Negroes. Masheter identified lally as the one man who will decide if a contractor plans to use enough Negroes on a job. Public Roads Director Turner is identified as Masheter's source of this information. The article also quotes another State highway official that the action is "just another case of the Johnson Administration playing politics in anticipation of the election."
- Operating Engineers Threaten Ohio Strike. On March 21, representatives of the AFL-CIO and the Operating Engineers International Union met with OST and FHWA officials concerning the manning table requirement under OFCC's Cleveland plan for construction contract compliance. They claimed that Ohio Operating Engineers Local 18 has 5.7% minority group representation and should not be considered one of the critical skilled trades covered under the Cleveland plan. Also, that the union will not violate its established hiring hall and referral system to provide minority group members to comply with the manning tables submitted by any contractor. Local 18 threatened a State-wide strike Monday, March 25, unless the operating engineers were eliminated from the manning table requirements. They indicated they would immediately pursue the matter further with the Department of Labor and with the contractor in Ohio. To date, there is no indication that they followed through with the Department of Labor and latest information from Ohio indicates a strike is unlikely. Labor Department officials have reconfirmed the operating engineers status as one of the critical skilled trades under the Cleveland plan.

| |
|-------------|
| CONCURRENC |
| RTG. SYMBOL |
| INITIALS/SH |
| DATE |
| RTG. SYMBOL |
| INITIALS/SH |
| DATE |
| RTG. SYMBOL |
| INITIALS/SH |
| DATE |
| RTG. SYMBOL |
| INITIALS/SH |
| DATE |
| RTG. SYMBOL |
| INITIALS/SH |
| DATE |
| RTG. SYMBOL |
| INITIALS/SH |
| DATE |

UNITED STATES GOVERNMENT

Memorandum

U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

TO : F. C. Turner, Director
Bureau of Public Roads

FROM : Lowell K. Bridwell
Federal Highway Administrator

SUBJECT: Equal Opportunity Program
Cleveland and Philadelphia Contracts

DATE: April 11, 1968

In reply refer to:

22

In accordance with a decision by Secretary Boyd today, please notify the Ohio and Pennsylvania Highway Departments as follows:

1. Inform the Ohio Highway Department that we will not concur in the award of a contract to the Carl M. Geupel Construction Company, Inc. on the grounds that it has not submitted an equal opportunity positive action plan, including manning tables, satisfactory to the Department of Transportation and the Office of Federal Contract Compliance of the Department of Labor. The type of positive action plan, manning tables and procedure for approval were contained in previous memoranda from the Secretary to me and from me to you. This is also consistent with your previous communications with the Ohio Department of Highways and the positions taken by Dick Lally of the Secretary's Office in meetings with the Ohio Highway Department and the contractor.
2. Notify the Pennsylvania Highway Department that we will not concur in the award of a contract to the Peter Kiewit Sons' Company on the grounds that it has not supplied an equal opportunity affirmative action plan, including manning tables, acceptable to the Department of Transportation and the Office of Federal Contract Compliance of the Labor Department. The type of

No more
memos



BUY U.S. SAVINGS BONDS REGULARLY ON THE PAYROLL SAVINGS PLAN

positive action plan, manning tables and authority to approve have previously been described to the Pennsylvania Highway Department and the contractor by letter and in meetings. The requirements are essentially identical to those in the Cleveland area.

In the event either Department elects to go forward with the projects with 100% State funds, we, of course, are not involved. In neither event may the Departments seek positive action plans and manning tables for the second low bidder.

In the event either or both Departments elect to readvertise the projects for bids, the notice to bidders must contain information that an affirmative action plan, including manning tables, satisfactory to the Department of Transportation and the Office of Federal Contract Compliance are required before we can concur in the award of a contract to the low bidder. This applies as well to all other Federal-aid contracts in the Cleveland and Philadelphia areas.

If there are any questions, please call.

cc: Mr. Lally ✓

3531

3 APR 59 10 55z

CZA003 215A EST APR 3 63 (12)CTA088

CT CLAC91 NL PD 11 EXTRA CLEVELAND OHIO 2

THE HONORABLE ALLEN G BOYD, SECY

DEPT OF TRANSPORTATION WASHDC

DEAR SECRETARY BOYD, ON BEHALF OF THE CLEVELAND BRANCH OF THE
NATIONAL ASSN. FOR THE ADVANCEMENT OF COLORED PEOPLE WE STRONGLY
REQUEST THAT YOU MAINTAIN THE DEPT OF TRANSPORTATION POSITION
OF EQUAL EMPLOYMENT OPPORTUNITY ON ALL FEDERAL ASSISTED PROGRAMS
AUTHORIZED BY THE UNITED STATES BUREAU OF PUBLIC ROADS

CLEVELAND HAS MASS UNEMPLOYMENT ESPECIALLY AMONG ITS
MINORITY GROUP MEMBERS AND WE CANNOT ALLOW FEDERALLY SUPPORTED
PROJECTS WHICH USE TAX MONEY TO BUILD PUBLIC PROJECTS WHICH
EXCLUDES MINORITY GROUP MEMBERS.

WE HAVE BEEN IMPRESSED AND INSPIRED BY YOUR UNBIASED
IMPLEMENTATION OF THE PRESIDENT'S EXECUTIVE ORDERS AND LAWS
RELATING TO EQUAL EMPLOYMENT OPPORTUNITY. WE STRONGLY URGE

(24)

YOU EXERCISE THE FULL POWER OF YOUR OFFICE TO INSURE EQUAL
EMPLOYMENT ON ALL PHASES OF THE UNITED STATES BUREAU OF PUBLIC
ROAD CONSTRUCTION IN THE CLEVELAND AREA. SINCERELY

WENDELL ERWIN PRES RICHARD L GUNN ATTY AT LAW WILLIAM F PICKARD
METROPOLITAN DIRECTOR CLEVELAND BRANCH NAACP.

OFFICE OF SECRETARY
OF TRANSPORTATION
EXECUTIVE SECRETARIAT

U.S. DEPT
OF TRANSPORTATION
MAR 5 PM 9 18

July 18, 1968

INFORMATION - Equal Opportunity
Cleveland Operational Plan

Director of Equal Opportunity

The Secretary

In a memorandum to the heads of agencies, to be released today, the Department of Labor is announcing approval of an affirmative action program developed by the Ohio Contractors Association in conjunction with Local 18 of the Operating Engineers. Under the approved program, participating contractors will no longer be required to participate in preaward conferences or to submit manning tables with regard to the Operating Engineers in their work forces.

Inasmuch as Operating Engineers constitute the principal skilled construction trade involved in the highway construction industry, the approved program should eliminate the impasse over the manning table requirements which has held up over \$100 million in highway construction in the Cleveland area for the past several months.

It is noted, however, that the preaward and manning table requirements of the Cleveland Plan will still apply to participating contractors who will utilize the other critical skilled trades on highway construction projects. The other trades involved are electrical, iron work, plumbing, pipefitting and sheetmetal.

The Federal Highway Administration is being advised of this development.

Original signed by
Richard F. Lally

Richard F. Lally, S-30

RFLally:jl:S-30:7/18/68

cc: S-10 (3)

See Mr. Lally
RM

| |
|---------------|
| CONCURRED |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |

28

File FHWA
CC

September 30, 1968

FAIR EMPLOYMENT report

Page 96

27 STATES SIGN HIGHWAY EQUAL JOB OPPORTUNITY PLEDGES

Twenty-seven states have signed interim pledges of compliance with new equal employment opportunity requirements, under the Federal-Aid Highway Act of 1968, (FER, September 2, 1968, p.85). No new federally aided highway project may be approved for a state until it has signed the pledge.

California, Colorado, District of Columbia, Georgia, Hawaii, Idaho, Illinois, Kansas, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, New Hampshire, New Jersey, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee and West Virginia have agreed to the pledge which requires each state to:

- (1) Establish an equal opportunity program, including a system to determine the level and progress of equal job opportunity compliance by contractors and subcontractors on Federal-aid highway projects;
- (2) Appoint an equal opportunity coordinator and administer the state's program;
- (3) Take affirmative action to correct any existing discrimination and to achieve the goals of the new law;
- (4) Cooperate with unions, contractors, and related public and private organizations to establish training programs on an equal opportunity basis;
- (5) Include the contractor's specific equal opportunity responsibilities in all state advertising for bids on Federal-aid highway projects;
- (6) Submit the Federal Highway Administration equal employment opportunity compliance reports.

Federal Highway Administrator Lowell K. Bridwell said his agency is preparing supplements to the present statement, which will outline specific procedures effective Dec. 1 for state prequalification of contractors and subcontractors.

Wash Post 10/3/67

FAA Admits Shortage Of Traffic Controllers

By David Hoffman
Washington Post Staff Writer

The Federal Aviation Administration yesterday confessed its past inability to forecast the growth of domestic air traffic.

As a result, the FAA is in short supply of traffic controllers and must force those available to work overtime.

In a speech to the Air Traffic Control Association, FAA Administrator William F. McKee declared bluntly: "We don't have enough controllers. The reasons for this are many. The first and all important reason, of course, is the unanticipated tremendous growth in operations."

Asked to elaborate, an FAA spokesman cited one Air Route Traffic Control center, which, two years ago, was forecast to have 13.2 million flight operations in Fiscal 1967. It actually logged 15.1 million.

On Sept. 20 President Johnson summoned Secretary of Transportation Alan Boyd to the White House to announce a request that \$7 million be tagged for buying radar be used instead to recruit an additional 800 controllers.

The President also commissioned Boyd to undertake another study of the air traffic control system. The last was completed in 1961.

McKee told the Air Traffic Control Association yesterday that the national shortage of controllers has forced "many of you men . . . to work overtime. It has meant many of you gave up vacations. Many of you had to cut weekends short and some had to come back on short notice during off hours."

McKee told them he wanted to get them "out of the paper shuffling business where possible." In recent months, controllers have complained that many of their best men have been taken from the radar scopes and ordered to compile reports required by FAA headquarters.

McKee also told the controllers:

"If you put in overtime or are on standby we are determined that you shall be paid for it, even if we must seek new legislation to do it."

①

SEP 11 1967

Minority Group Employment in FAA

Director of Equal Opportunity

Administrator, Federal Aviation Administration

FAA's current air traffic controller recruiting and training program constitutes the most significant concentrated recruiting effort in the Department at this time. It presents excellent opportunities for the employment, training and advancement of qualified minority group citizens and improvement of FAA's and the Department's minority group employment records.

In view of the Secretary's personal interest in the minority group employment potential in this recruiting effort, a special report is requested. We would like to know of the EEO actions initiated or taken to capitalize on this opportunity along with the actual and estimated results. Please include the total number of employees hired, the number of minority group employees included, and the number of employees still to be hired under the program.

Your cooperation in providing this information by September 25, 1967 will be appreciated.

Richard F. Lally

Richard F. Lally, TAD-50

RLally:pal:TAD-50:9-11-67

Suppose date change to 10-20-67 per FAA request

10/4/67 - This request discussed w/ Nielsen & Chosrozy by Lally & Hudson. They will reply. RM

| |
|---------------|
| 30. |
| CONCURRENC |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| 9-11 |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |

OCT 20 1967

37

Special Air Traffic Control Recruitment Effort

Director of Compliance and Security

Associate Administrator for Personnel and Training, PT-1

Dependent upon favorable Congressional action on the supplemental budget, the agency contemplates the recruitment and training of approximately 800 new Air Traffic Control personnel. This recruitment will be in addition to that required to fill positions vacated through normal attrition. Thus, the combined circumstances constitute the most significant, concentrated current recruitment effort in the agency and the Department. It presents an excellent opportunity for the employment, training, and advancement of qualified minority group members and females.

The Secretary of Transportation has expressed his personal interest in the minority group employment potential, this contemplated recruitment effort affords and has requested a special report on the actions initiated or taken to capitalize on this opportunity. Full and timely advantage of this opportunity must be taken. In accordance with the FAA Equal Employment Opportunity Action Plan, and in particular long and short range objectives number 2, your office is requested to initiate those actions required to implement a special recruitment program and other actions as will enhance equality of opportunity for members of minority groups and women.

* In view of the very low minority group utilization in Air Traffic (as of June 30, 1967, 3.2% for all minority groups, including 1.2% Negro), it is apparent that special effort will be required to reach, attract, and recruit minority and female personnel.

In order that we may submit the required report to the Department of Transportation, it will be appreciated if your office will provide us with a report of the actions taken or which you plan to take to implement the recruitment program. Periodic progress reports should be submitted in the same format as was requested in our memorandum of September 14, 1967, subject, "Minority Group Employment." I shall be pleased to discuss this vital program matter with you in greater detail.

Dds
James V. Nielsen

James V. Nielsen, CS-1

Original Signed by James V. Nielsen

11/30 Census Indicates
2.5% - Total Minority Groups
1.3% Negro.
RM 1/22/68

UNITED STATES GOVERNMENT

*Memorandum*Mr. Hudson
FEDERAL AVIATION AGENCY

DATE: OCT 20 1967

34

SUBJECT: Minority Group Employment in FAA

FROM : Director of Compliance and Security

TO : Director of Equal Opportunity, TAD-50

This is with reference to your memorandum of September 11, 1967, to the Administrator conveying the Secretary's personal interest in and requesting a report of the EEO actions taken on the actual and estimated results of minority employment in FAA's current Air Traffic Control recruitment and training program.

As you know, by FPM Letter 713-5 dated August 24, 1967, the Civil Service Commission discontinued the self-designation procedure for making employment surveys of race and national origin. This action effectively nullified the use of our automated data system for the purpose of obtaining information concerning progress made in minority recruitment for Air Traffic Control positions. As a result, minority group identification must be made by supervisors on a gross statistical basis and manually collected.

In view of the estimated cost (\$1500) and the reporting burden the manual collection would impose on operating personnel, its collection has been deferred in view of the imminence of the minority group census to be conducted as of November 30. I am hopeful that the census data (when compared with the results of our June 30, 1967 survey) will provide useful statistical data pertinent to the status of minority and female utilization in Air Traffic.

I am attaching a copy of our memorandum to the Associate Administrator for Personnel and Training suggesting that special emphasis be given and the fullest advantage be taken to capitalize on the opportunities for the employment of minority group and female personnel which the contemplated recruitment for the 800 positions contained in the supplemental budget now pending before Congress affords. Periodic reports of our progress will be furnished you.

James V. Nielsen
James V. Nielsen, CS-1

Attachment

February 19, 1968

Minority Group Employment - FAA

Director of Equal Opportunity

Director of Personnel and Training, TAD-10

Attached for your information are copies of earlier correspondence and background relating to FAA's current air traffic controller recruiting program.

This program, calling for recruitment of over 1,700 additional employees, constitutes the most significant concentrated recruiting effort in the Department. It presents excellent opportunities for the employment, training and advancement of qualified minority group citizens and improvement of FAA's and the Department's minority group employment records. It is particularly significant when it is considered that the air traffic control occupation makes up 40.1% of FAA's total employment. As of November 30, 1967, total minority group employment within this category was 2.5% and Negro employment 1.3% compared to FAA's overall total of 5.4% total minority and 3.4% Negro.

As you can see from the attached material, the Secretary on several occasions has expressed his personal interest in assuring that we take full advantage of the equal opportunity potential presented in this recruiting effort.

It is requested that you initiate action along this line through the personnel channels. It is also requested that your office reevaluate the current qualification standards for these air traffic control positions. It seems to us that the requirements for a college degree, private pilot or air traffic control experience are unduly restrictive.

Please advise us of the progress or results of these actions as soon as they are available.

Original signed by
Richard F. Lally

Richard F. Lally, S-30

Attachments

cc: TAD-1

RFLally:jl:S-30:2-19-68

| |
|-------------|
| CONCURREN |
| RTG. SYMB |
| INITIALS/SI |
| DATE |
| RTG. SYMB |
| INITIALS/SI |
| DATE |
| RTG. SYMB |
| INITIALS/SI |
| DATE |
| RTG. SYMB |
| INITIALS/SI |
| DATE |
| RTG. SYMB |
| INITIALS/SI |
| DATE |
| RTG. SYMB |
| INITIALS/SI |
| DATE |

UNITED STATES GOVERNMENT

Memorandum

SUBJECT: Minority Group Employment in FAA

FROM : Director of Compliance and Security

TO : Director of Equal Opportunity, S-30

FEDERAL AVIATION AGENCY

DATE: FEB 27 1968

Mr. Hudson
Pls. include analysis
of this in next
week's bullet report. 36*Follow-up again*
5/1/68

This refers to your memorandum of January 22, 1968, above subject, concerning FAA's current Air Traffic Control Recruitment and Training Program.

The record on the recruitment of air traffic controllers during the period April 1, 1967, through January 19, 1968, shows that 1,395 new controllers were hired and that, as a result of this recruitment, the total number of controllers on duty rose from 16,628, to 17,775, a net increase of 1,147. The recruitment record does not reflect how many of those hired were minority group members. However, data obtained as of June 30, 1967, in FAA's former Minority Group Statistics System and as of November 30, 1967, in the Civil Service Commission's 1967 Minority Group Employment Census indicated that although minority group employment declined as a whole (probably because the State of Hawaii was not included in the November 30, 1967, census), the employment of Negroes as Air Traffic Control Specialists rose from 203 to 236, an increase of 33 or 16.2%.

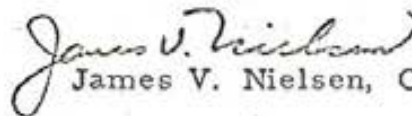
The progress illustrated by the June and November 1967 statistics indicates that effort has been expended on the equal employment opportunity aspects of the recruitment program. Nevertheless, we plan on doing more. We have drafted a memorandum for the Administrator's signature (it is still in the coordination process), which directs each regional director to act promptly to incorporate into his EEO action plan a special objective dealing with the recruitment of minority group members for air traffic control positions.

In this program, it is planned that a concerted effort will be made to locate minority group members who appear to have the potential to meet examination requirements and to encourage them to apply for the positions; and that special emphasis will be placed on locating persons who meet the examination requirement that candidates have three years of progressively responsible

experience in administrative, professional, investigative, technical, or "other work" which would prepare an individual to enter into a position of responsibility. Attached for your information is a copy of an examination announcement.

The regional directors are also asked to report quarterly to me on the EEO actions initiated or taken and to give the actual or estimated results.

As these reports are received, we will inform you of the progress that is being made in the program.


James V. Nielsen, CS-1

Attachment

UNITED STATES GOVERNMENT

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

Memorandum

DATE: March 7, 1968

37

SUBJECT: Minority Group Employment

In reply
refer to:

FROM : Director of Personnel and Training

TO : Director of Equal Opportunity

Thank you for your February 19 memorandum which transmits copies of correspondence relating to FAA's recruitment of minority group persons for Air Traffic Control Specialist positions.

In this memorandum, you requested that we initiate, through personnel channels, actions to encourage recruitment of minority persons for these positions. Before taking any action, we would be interested in seeing FAA's report of its special actions to reach the minority community in filling Air Traffic Control vacancies which you requested in your September 11, 1967, memorandum. FAA's reply was due February 26 and should have reached you in the last few days.

Your memorandum also asked that we reevaluate the qualifications standards for this occupation. As you know, the CSC is presently examining the classification and qualification standards and my staff is participating, to the extent possible. Although this review is still in its preliminary stages, it appears that the revised standards will provide for a GS-4 position for entrance into the Air Traffic Control Specialist occupation.


George S. Maharay

UNITED STATES GOVERNMENT

Memorandum

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

DATE MAY 20 1968

38

SUBJECT: Recruitment for Air Traffic Control Specialists

In reply
refer to:

FROM : Director of Personnel and Training

TO : Director of Equal Opportunity

*What Now?
ATC*

This is in reply to your memorandum of May 3, 1968, concerning air traffic control recruitment.

Over the last several months, we have met with FAA staff from both the Office of Personnel and Training and the Office of Compliance and Security to discuss equal opportunity matters, including air traffic control recruitment. Based on our most recent discussions, I think the situation could be described like this:


1. FAA field offices are devoting substantial attention to recruitment of minority group members and female candidates for air traffic jobs. Obviously, the level of effort varies among field elements. However, the FAA Office of Personnel and Training recently conducted field visits at each region to evaluate ATC staffing measures and they were convinced that a substantial effort is being made.
2. There has been little pay-off from the effort in terms of more appointments of minority group members. As you know, statistics on numbers of minority group applications, eligibles and referrals to vacancies are non-existent. The general impression is that we are getting about the same percentage of minority group members as in the past. There is some feeling that results of the special efforts may be more evident at a later date when the institutional type recruiting now being done will have had its effect.
3. The only prospect for dramatic change in the picture is dependent on CSC approval of a new qualification standard which will allow recruitment of college students at the GS-7 level (providing their academic achievements are high and they pass the ATC written test). If the standard is approved, FAA plans to conduct this first major college recruitment program with a heavy concentration of effort on minority group colleges.
4. The new CSC classification standards will call for a GS-4 level trainee position. FAA has no current plans for extensive use of this type job. The reason for this is that people brought in at GS-4 must spend 18 months longer in a trainee status as compared to someone recruited at GS-7. The pressures of high traffic volume and

*This decision w.
mediate against any meaningful
increase in negro utilization*

2

the resulting FAA management decisions have resulted in a major effort to fill all vacancies with people who can become productive in the shortest possible time. A major shift in FAA top management techniques and allocation of resources would be required to establish any significant numbers of GS-4 jobs.

We will continue to work with the FAA in an effort to improve their equal opportunity program.


George S. Maharay

JUL 5 1968

ACTION - Minority Group Employment in FAA

Director of Equal Opportunity

The Secretary

The most critical problem and at the same time the greatest opportunity existing in the Department's internal equal employment opportunity program is our extremely low utilization of minority group and female personnel in the field of Air Traffic Control Specialist.

As of November 30, 1967, 40% of the personnel in FAA and 30% of the total DOT civilian employment population were in this occupational category. However, of the 16,513 positions only 430 or 2.6% were held by minority group members. Only 1.4% were Negro.

The most recent available data (as of June 30, 1967) shows that 166 or less than 1% of the 16,946 controllers on duty at that time were women.

As you know, there is a critical shortage of Air Traffic Controllers and FAA has been conducting an intensive recruiting campaign to fill vacancies created by normal turnover and to secure personnel for the 1449 additional positions authorized for the 1968 fiscal year.

In September of 1967 we advised the FAA Administrator of your personal interest in increasing our utilization of minority group personnel in the Air Traffic Control field and pointed out the tremendous equal opportunity potential the recruiting drive, then getting under way, presented. This was reiterated in your September 23, 1967, memo to General McKee. Copies of both memos are attached.

In cooperation with the Director of Personnel and Training, we have urged FAA to take affirmative measures to achieve meaningful results in this area. One hopeful development is found in the proposed revised standards for positions in the ATC series now under development by the Civil Service Commission. The new standards, if approved, would create a GS-4 pre-trainee position with lower entrance requirements which would facilitate the recruitment of minority group and other candidates who do not meet the more stringent requirements of the GS-7 trainee positions.

| |
|---------------|
| CONCURRENCE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |
| RTG. SYMBOL |
| INITIALS/SIG. |
| DATE |

It appears, however, that FAA does not plan to make extensive use of this GS-4 position due to the fact that people brought in at that level must spend 18 months longer in a trainee status as compared with those recruited at the GS-7 level. FAA management now feels that a major effort should be made to fill all vacancies with people who can become productive in the shortest possible time.

By all indications FAA's attempts to recruit minority group and female personnel have been unsuccessful. A status report revealed that during the period April 1, 1967, through January 19, 1968, 1395 new controllers were hired of whom only 33 or 2.3% were Negroes.

All operating administrations and the OST are conducting a minority group and female employment census as of June 30, 1968. The results are due in this office July 31, 1968. The FAA census should reflect any EEO progress achieved in the ATCS category. Recommendations as to any further OST action required will be submitted to you after receipt and analysis of the FAA census report.

In order to insure appropriate ATCS coverage in the FAA census report and to reiterate your personal interest, it is recommended that you sign the attached memo to the FAA Administrator. The Assistant Secretary for Administration concurs in this recommendation.

Original signed by
Richard F. Lally

Richard F. Lally, S-30

Attachments

WTHudson:jl:S-30:7/3/68

cc: TAD-1
TAD-10
S-10 (3)

Minority Group Employment in FAA

JUL 12 1968

The Secretary

Federal Aviation Administrator

The most critical problem--and at the same time the greatest opportunity--existing in the Department's internal equal employment opportunity program is our extremely low utilization of minority group and female personnel in the field of Air Traffic Control. Data secured from the November 30, 1967, census of minority group employment shows that only 2.6% of that work force were minority group members and only 1.4% were Negroes. As of June 30, 1967, 166 or less than 1% of the 16,946 controllers then on duty were women.

You will recall that in my memorandum of September 23, 1967, I pointed out the excellent equal employment opportunity potential presented by the intensive Air Traffic Controller recruiting campaign which was under way at that time. This is a matter of critical interest in view of the fact that this occupational category accounts for approximately 30% of the total civilian employment of the Department.

I know that you are conducting a minority group and female employment census within FAA as of June 30, 1968. In furnishing the results of that census, I would like a special report on the Air Traffic Controller recruiting program, including the affirmative EEO actions taken to capitalize on this opportunity along with the actual or estimated longer range results.

Signed Alan S. Boyd

Alan S. Boyd

WTRudson:jl:S-30:7/3/68

cc: TAD-1
TAD-10
S-10

TAD-10

Colby
cc: M
TAD-10
7-5-68

| | |
|----|-----------------|
| 41 | CONCURRENCES |
| | RTG. SYMBOL |
| | S-30 |
| | INITIALS/SIG. |
| | <i>L. J. J.</i> |
| | DATE |
| | 7/3/68 |
| | RTG. SYMBOL |
| | TAD-2 |
| | INITIALS/SIG. |
| | <i>J. J.</i> |
| | DATE |
| | 7/4/68 |
| | RTG. SYMBOL |
| | <i>J. J. J.</i> |
| | INITIALS/SIG. |
| | <i>J. J. J.</i> |
| | DATE |
| | 7/4/68 |
| | RTG. SYMBOL |
| | TAD-1 |
| | INITIALS/SIG. |
| | <i>Dec.</i> |
| | DATE |
| | 7/10/68 |
| | RTG. SYMBOL |
| | INITIALS/SIG. |
| | DATE |
| | RTG. SYMBOL |
| | INITIALS/SIG. |
| | DATE |
| | RTG. SYMBOL |
| | INITIALS/SIG. |
| | DATE |
| | RTG. SYMBOL |
| | INITIALS/SIG. |
| | DATE |

INFORMATION - Weekly Highlights

Director of Equal Opportunity

The Secretary

- DOT Minority Group Employment Increases. Preliminary analysis of the results of the June 30, 1968, census of minority group and female employment shows increases in DOT's utilization of minority group employees. While the Department's total civilian employment increased 5.5% from 55,761, our minority employment increased 21.4% from 4,295, total Negro employment increased 27.8% from 3,013. As of June 30, 1968 DOT had a total employment of 96,226 including 37,384 Coast Guard military personnel. 7,053 or 7.3% of our total employment are minority group. 4,531 or 4.7% are Negro. 908 or .9% of our employees are Spanish American and 244 or .25% are American Indian and 1,370 or 1.4% are Oriental.

Minority Group Representation in Air Traffic Occupation Remains Unchanged in Period 11/30/67 - 6/30/68. As of November 30, 1967, there were 17 employees in MA's Air Traffic Control Specialist occupation of whom 4 or 2.5% were minority group and 236 or 1.4% were Negro. By June 30, the total number of employees in this category increased 1,458 to 18, while the total number of minorities increased only 45 to 475 and the number of Negroes increased only 27 to 263. The percentage of minority group representation remains at 2.5% while the percentage of Negroes remains unchanged at 1.4%.

- Eleven Employee Discrimination Complaints on Hand at the End of August
The monthly status of complaints report shows 11 discrimination complaints on hand as of August 31, 1968, distributed as follows: 6 in FAA, 4 in Guard and 1 in OST. The OST complaint involves a clerical employee of the Office of Administrative Operations. It is under active investigation and the results are expected by October 1, 1968.

- DOT Represented at the National Convention of American Foundation for Negro Affairs. William T. Hudson of the Equal Opportunity Staff and Lawrence Campbell, Investigator for the National Transportation Safety Board, State of Alaska, attended. The new non-profit organization is to serve as a catalyst for unity among Negroes, a research organization on the status of Negro achievements and a clearinghouse for data pertaining to Negroes and Negro affairs. A HUD official praised Secretary Boyd in his address for the development of the design team concept with sensitivity on highway route selection and its impact on inner city residents. A report on the convention is being prepared by Secretary Boyd.

Original signed by
Richard F. Tally

OFFICIAL FILE COPY

Mr. Huron

MAY 24 1968

Equal Employment Opportunity at the
Coast Guard Yard

Assistant Secretary for Administration

The Secretary

Last December Mrs. Juanita Jackson Mitchell, head of the Baltimore NAACP complained to CSC Chairman John Macy about discrimination at the Coast Guard Yard. We were aware of a history of similar complaints about the Yard and so we informally asked the Coast Guard to conduct an evaluation. They did so and the resulting report was recently furnished to us.

The report describes a critical equal opportunity situation with overtones of nepotism and poor management on the part of some supervisors. A brief summary of the report findings is attached for your information. The report has been sent by Admiral Smith to the Commanding Officer of the Yard for his comments and recommendations which are due back on June 7, 1968.

This problem is serious enough that we must assure adequate corrective action. We can also expect adverse publicity if the findings become public.

I am attaching a proposed memorandum from you to Admiral Smith which indicates your concern that this matter is properly handled. The memorandum has the concurrence of Dick Lally.

(Signed) Alan L. Dean

Attachments

CEWeithoner/JMDavis:ach:x36317:TAD-13
5/20/68

cc: TAD-1/10/13

S-10, S-30

No control

D, CURTIS BAY, BALTIMORE, MARYLAND
OF EQUAL EMPLOYMENT OPPORTUNITY PROGRAM
CONDUCTED JANUARY 1968

- SUMMARY -

Civilian Employment: 1,190 civilian--177 General Schedule, 1,013 Wage Board

Conduct of Review:

- Confidential Attitude Questionnaire completed by 849 employees on voluntary basis.
- 129 personal interviews with non-supervisory employees (65 requested confidential interview; another 64 were selected for interview).
- 48 personal interviews with supervisors
- Interviews with President, Baltimore Area Metal Trades Council, Yard EEO Committee, Safety Officer, Urban League's Baltimore Director, head of NAACP local chapter.

Conclusions: (based on interviews and limited statistics)

Racial discrimination appears to exist in 3 areas: Paint Shop, Electronics Shop, Supply Division. In Outside Machine Shop, supervisor not discriminatory, but abusive to everyone.

Among Negroes, there is widespread fear of retaliation if they complain of discriminatory treatment.

The average grade or wage for Negroes is considerably below that for whites.

A higher percentage of Negro than white employees are separated for cause during probationary period and the number of disciplinary actions against Negroes out of proportion with employment.

Supervisors discriminate in approving sick and emergency leave.

Training at Government expense seems to be granted equitably; helper training should be improved.

Some written examinations for promotion may discriminate.

Supervisors are not conscious of the value of incentive awards.

Employees feel that many family groups are employed, thus creating favoritism on that basis.

Communication at the middle management level is non-existent in many areas.

Employees believe locker areas are segregated in one shop.

More emphasis should be placed on implementing the EEO plan.

Recommendations:

Critically evaluate Industrial Relations Department as soon as practicable.

Make all civilian supervisors fully aware of their responsibilities to assure equal opportunity and treatment for all; and let them know that discrimination is subject to disciplinary action.

Have all shop heads plan system of rotating all employees so that none is required to continuously perform undesirable work.

Give further EEO training to all supervisors.

Re-examine current promotion tests with a view towards simplifying the language and eliminating non-essential questions.

Review employment of relatives and take corrective actions.

Plan meetings between supervisors and employees.

Thoroughly investigate charges of discrimination in locker areas.

Maintain contacts with minority organizations for recruitment purposes and to discuss mutual problems.

Make exhaustive efforts to obtain Negro apprentices in each trade.

Obtain minority personnel for employment in those shops and offices having few or no minority personnel.

Require shop heads to report semi-annually on their positive actions to implement equal employment opportunity.

(AEO)

44

7 DEC 1967

MEMORANDUM FOR DIRECTOR OF PERSONNEL AND TRAINING, DEPARTMENT OF TRANSPORTATION

From: Commandant, U. S. Coast Guard

Subj: Equal Employment Opportunity Program, U. S. Coast Guard Yard

Ref: (a) Verbal request from Office of Personnel and Training on 1 Dec 1967

1. Reference (a) requested that an immediate evaluation of the Equal Employment Opportunity Program at the Coast Guard Yard be conducted. This request was a result of a meeting held at the Civil Service Commission at which certain allegations were made by minority group representatives to Mr. John Macy.
2. An in-depth review and evaluation of the Coast Guard Yard Equal Employment Opportunity Program and other related personnel problems will be initiated no later than 11 December 1967, and will include:
 - a. An analysis of the equal employment opportunity situation at the Coast Guard Yard.
 - b. Identification of existing problem areas at the Yard.
 - c. An evaluation of the plan of action for equal employment opportunity at the Coast Guard Yard and a determination of the success, or lack of success, that Yard management has experienced in meeting the objectives of the plan.
3. Following the evaluation, a report will be made that will reflect accurately and in depth major problems found to exist at the Coast Guard Yard, and action taken, or planned to be taken, to resolve them.

W. J. SMITH

1/8/67
82

GRHENDREN/skw

Date Typed: 4 Dec 67

Date Mailed:

| OFFICE OR DIVISION | AEO | P | A | CA/C | CCS | | | | | | | | |
|---|-----|----|----|------|-----|--|--|--|--|--|--|--|----------|
| INITIALS OF RESPONSIBLE OFFICER | SS | WJ | WJ | WJ | WJ | | | | | | | | Ref: (a) |
| INTRA-OFFICE OR DIVISION INITIALS | WJ | WJ | WJ | WJ | WJ | | | | | | | | |

PREVIOUS EDITIONS MAY BE USED

GPO 840307

5/13/68 45

REPORT OF REVIEW

I. Coast Guard Activity Involved

An evaluation was made of the Equal Employment Opportunity program and working conditions at the Coast Guard Yard, Curtis Bay, Baltimore, Md., during the period of 2-18 January 1968.

The Yard is the largest industrial establishment within the Coast Guard. The primary functions of the Yard consist of construction, maintenance and repair of Coast Guard vessels, buoys, and other aids-to-navigation equipment.

At the time of the evaluation there were 1190 civilians employed at the Yard. This employment consists of 177 classified employees, and 1013 wage-board employees. Top management at the Yard is comprised of military personnel, but in most instances, non-supervisory civilian personnel report to civilian supervisors.

II. Conduct of Review

The following procedures were followed in appraising the EEO program at the Coast Guard Yard.

1. Confidential Attitude Questionnaire

Each civilian on duty was requested to complete an attitude questionnaire. (Results of this phase of the review are shown in Attachment "A".) 849 questionnaires were completed. This represents 90% of the employees working on the day the questionnaires were distributed and 71% of the total civilian population of the Yard.

2. Personal Interviews with non-Supervisory Employees

At the time the attitude questionnaires were distributed, a blank form was given to each employee so that any employee desiring to talk privately with a Headquarters representative could sign the

form and place it in a sealed container at the same time he deposited his completed questionnaire. All employees were assured that those desiring a conference would be scheduled among a representative number of employees selected from shop rosters for interview. In this manner, the identity of those requesting an interview would remain unknown except to the Headquarters personnel. When all forms had been collected, it was found that a total of 65 employees (36 Negro and 29 White) had requested interviews. These were intermingled with employees selected from rosters, and a total of 129 employees (82 Negro and 47 White) were interviewed by Headquarters personnel.

3. Personal Interviews with Supervisory Employees

48 supervisors, including both wage-board and classified personnel, were interviewed to ascertain their attitude toward the Yard Equal Opportunity Program and the adequacy of the training seminars conducted by the Industrial Relations Department. The majority of the supervisors stated they felt the EO program was effective. In fact, a number of them, including the four Superintendents II, stated that such a program was not needed at the Yard, as there was absolutely no discrimination being practiced. All of the Superintendents II stated that they knew of no discontent among the Yard employees and that they believed morale was high. The majority of supervisors interviewed felt that the training seminars on EEO were too hurried; too much of the information disseminated during the sessions dealt with statutory and regulatory requirements; agency policy, etc., and did not delve into the practical ways of implementing the Equal Opportunity Program. They felt that methods of improving the opportunities of minority employees could have been better presented.

4. Interviews with Other Individuals

A meeting was held with the president of the Baltimore Area Metal Trades Council to determine the attitude of the Council toward the Equal Employment Opportunity Program in the Yard. The BAMTC is the employee organization having exclusive recognition as the representative of wage board employees in the Yard. Also, meetings were held with the chairman of the Yard Equal Opportunity Committee, the Safety Officer, the Director of the Urban League in Baltimore, and the Head of the Local Chapter of the NAACP.

III. Conclusions and Recommendations

It must be understood that there are few documented facts and statistics with which to prove the existence of discrimination by individuals. The conclusions in this report were formed by evaluating the information gained from personal interviews with employees and supervisors and from the few employment statistics available. Information from the questionnaires was only used to form a few general statements, not directly related to discrimination. It is realized, therefore, that the following conclusions cannot be proved statistically, but the evaluation of available information certainly indicates that the conclusions are valid.

1. Employee-Management Relations

Conclusion

a. That general discontent exists throughout the Coast Guard Yard. This is borne out through the opinion of 47% of the employees (see item one of enclosure (1)). Although there is discontent Yard wide, discrimination is not the basis for many of the complaints. However, discrimination because of race and/or sex does appear to exist in three (3) areas: the Paint Shop (Shop 71), the Electronics Shop (Shop 67), and the Supply Division. This conclusion

is supported by the majority of the employees interviewed in these areas, both Negro and white, stating that this character of discrimination exists. In addition, the employees of the Outside Machine Shop (Shop 38) indicated that their supervisor was not discriminatory; he was abusive to everyone working for him, including supervisors. The morale of many employees has been damaged in many parts of the Yard organization due to poor supervisory practices and the absence of effective communication between supervisors and employees. A common complaint of the Negroes interviewed was that Negroes were continually assigned to undesirable jobs, while white employees were assigned to duties that were more desirable. This situation seemed to be especially prevalent in the shops mentioned above. The majority of the Negro employees interviewed in the above mentioned shops felt that if they complained of their treatment, there would be retaliation on the part of their supervisors.

b. That the Industrial Relations Department is pro-management oriented and there have been too many instances of "negotiated deals" between managers and the Industrial Relations Department in the employment, promotion and treatment of relatives, employees belonging to certain fraternities and clubs, etc. While only 13% of Yard employees had strong convictions in their distrust of the Industrial Relations Department, it should be critically evaluated as soon as practicable.

Recommendation

a. That all civilian supervisors at the Yard be made fully aware of their responsibilities to assure equal opportunity and treatment for all; and the fact strongly emphasized that any discrimina-

tion is subject to disciplinary action. Further, the manner in which the employees in the Paint Shop, Electronics Shop, Supply Division and outside Machine Shop are supervised should be critically reviewed by Yard management.

b. That all shop heads plan a system of rotation of employees on undesirable assignments within their cognizance, so that no one person or group of persons is continually required to perform all of the undesirable work.

c. That any and all assignments of employees to other than their regularly assigned position be done in strict accordance with Civil Service Regulations. Further, that a review be made of all personnel currently in unofficial assignments, and that a record be placed in their personnel files indicating the length of time and duties of such assignments.

d. That civilian personnel specialists of the Headquarters Civilian Personnel Division conduct a personnel management review in the near future.

2. Discipline

Conclusion

That a higher percentage of Negro than white employees are separated for cause during their probationary period. While the percentage of total employment consisting of Negroes is 19.5 percent, the percentage of Negroes separated while within their probationary period during the past 2 years was 31%. In addition, the number of disciplinary actions issued to Negroes is out of proportion. While 19.5 percent of Yard civilian employees is comprised of Negroes, 46 percent of the disciplinary actions initiated during the past 2 years were against Negroes.

Recommendation

Recommendation (a) under "Employee-Management Relations", above, is applicable here.

3. Leave

Conclusion

That the actions of supervisors in approving sick and emergency leave are not uniform throughout the Yard, and are discriminatory in some shops; that the approval of such leave is more liberal for white employees.

Recommendation

That uniform administration of sick and emergency leave be enforced in all Yard activities. Further, that any current restrictions on such leave be reviewed to ascertain whether any discriminatory pattern exists, especially in the four activities which have been indicated as primary areas of dissatisfaction.

4. Training

Conclusion

a. That although information disseminated at the EEO seminars was good, it was not practical to the extent of informing supervisors as to methods which could be used to assist minority personnel to improve their qualifications for promotions.

b. That training at Government expense seems to be granted equitably in the Yard. During the past 2 years, 475 individuals received such training, of which 102 were Negroes. However, it is felt that the helper training program is not as effective as it should be. The interviews indicated that many of the persons who have attended the courses feel that they have not gained knowledge to the extent they believe they should have, due to the manner of

presentation, especially when the classes consist primarily of Negro employees.

Recommendation

- a. That further EEO training be given all supervisors in such procedures as on-the-job training, career ladders, etc., so that Negro employees may have an equal opportunity to gain required experiences for promotion.
- b. That a study be made of methods and incentives in the helper training program, with a view toward making it more desirable for minority employees to attend, and of placing emphasis upon the value of participating in such training.
- c. That members of the EEO Committee be given specialized training in procedures for conducting investigations of complaints.
- d. That a positive supervisory training program for all supervisors and prospective supervisors be initiated at the earliest date practicable.

5. Promotions

Conclusion

That, to some degree, some of the written examinations for promotion may be considered discriminatory. The Negro race, as a whole, is historically deprived in education. When the average Negro takes a written exam that has a time limit, it cannot be expected that he can comprehend the question and select the proper answer as quickly as the average white employee. Thus, he cannot be expected to qualify in a written test, notwithstanding his capabilities as a craftsman. Several tests currently used for promotion to journeymen in the Yard, indicate that a number of the questions are couched in rather difficult language and it is also thought that some of the questions are somewhat irrelevant.

Recommendation

That the current promotion tests be re-examined with a view toward simplifying the language and eliminating nonessential questions.

6. Incentive Awards

Conclusion

That Yard supervisors are either unaware of or are insensitive to the value of incentive awards. It seems highly improbable that in an activity employing approximately 1200 civilian employees, there are few employees deserving of an award. In calendar years 1966 and 1967 there were no recommendations for Outstanding Performance ratings; in calendar year 1966, there were 12 Superior Performance awards (including one Negro); in calendar year 1967, there were 2 Superior Performance awards (no Negroes); in calendar year 1966 there was one recommendation for Quality Step Increase (white) and no recommendations in calendar year 1967.

Recommendation

That supervisors be thoroughly indoctrinated in the policy pertaining to incentive awards. While in no instance should an award be granted without proper justification, deserving employees may and should be recognized.

7. Employment

Conclusion

a. That there is a high feeling of indignation on the part of the employees interviewed regarding the employment of groups of family relatives. There is apparently quite a number of groups of relatives employed at the Yard, and in some areas, individuals are supervised by their relatives. Many of the employees feel that much favoritism is prevalent because of this situation.

b. That employment at the Yard does show slight improvement in number of Negroes employed. The percentage of total employment consisting of Negroes has increased from 18.8 percent as of 1 April to 19.5 percent as of 30 November 1967. However, the average wage or grade of the Negro is still considerably below that of the white employee.

Recommendation

- a. That the employment of relatives be reviewed and corrective action be initiated as indicated.
- b. That a study be made of "dead-end" jobs at the Yard, such as sandblaster, teletype operator, automotive equipment operator, etc., and that procedures be promulgated which would assist the incumbents of such positions to obtain experience and training necessary for qualifying for better jobs.

8. Communication

Conclusion

That communication at the middle management level in the Yard is non-existent in many areas. The attitude questionnaires indicated that 48% of the civilian employees feel communication could and should be improved. All the employees interviewed felt that they were not kept informed on matters of essential interest to them.

Recommendation

That a system of brief meetings between supervisors and their employees be established. Such meetings should be for the purpose of disseminating information of interest to the employees. Although bulletin boards and Yard publications are used, the individual supervisor is more able to communicate effectively with his employees on job related matters as well as general matters of interest, relating to Yard administration.

9. Segregated Facilities

Conclusion

That a number of employees interviewed sincerely believe that locker areas are segregated in the public work shops.

Recommendation

That the charges pertaining to the public works shops' locker areas be thoroughly investigated to determine the validity of the several claims that the areas are segregated by race.

10. Yard Plan of Action

Conclusion

That the Yard plan of action is adequate as written. However, more emphasis should be placed on implementing some portions of the plan.

Recommendation

- a. That closer personal contact be maintained with minority group organizations, both in recruitment and for discussion of mutual problems.
- b. That provisions be made to have minority group representation on all standing committees. As an example, there is no minority personnel representative on the Apprentice Program Committee.
- c. That special efforts be made to obtain minority group personnel for employment in those shops and offices that currently have few or no minority employees.
- d. That exhaustive efforts be made to obtain Negro Apprentices in each trade for which the Yard employs apprentices.
- e. That shop heads make semi-annual reports to the group heads indicating the positive actions they have taken to implement equal employment opportunity in the areas under their supervision. The group heads should discuss the reports with the Commanding Officer.

f. That top management continue to make known its support of the Equal Opportunity Program through regular comments in the "Yard News", staff briefings, and on bulletin boards.

CONFIDENTIAL QUESTIONNAIRE
(DO NOT SIGN)

1. Do you believe that all YARD employees are treated equally? Yes 397 No 402 ← 47
If your answer is "No", do you think that less than equal treatment is due to race 127, color 65, religion 23, sex 17 national origin 24, other 217?
2. Do you know about the YARD policy of non-discrimination? Yes 673 No 106 ← 12 %
If "yes", by what method did you find out about the equal opportunity policy at the YARD? Verbal Explanation by supervisor 120, written notice 171, bulletin board 353, fellow employee 106, YARD News 270?
3. Do you believe all employees have the same chance for promotion, regardless of race, color, religion, sex or national origin? Yes 481 No 314 ← 37 %
4. Do you know the proper procedure for resolving a complaint of discrimination? Yes 443 No 304 ← 35 %
5. Do you think that your supervisor would make "things rough" for you if you made a charge of discrimination because of race, color, religion, sex or national origin? Yes 252 No 512 ← 29 %
6. Are any facilities (cafeteria, heads, lockers, etc.) at the YARD segregated by race or color? Yes 30 No 737 If so, what _____
7. Do you feel that all employees have the same opportunity to receive training? Government expense, regardless of race, color, religion, sex or national origin? Yes 629 No 169 ← 20 %
8. Do you feel that you could get fair consideration by YARD supervisors of a complaint of discrimination because of race, color, religion, sex or national origin? Yes 563 No 214 ← 25 %
9. Do you feel that supervisors assign hard or dirty jobs to some people because of race, color, religion, sex or national origin? Yes 198 No 589 ← 23 %
10. Do you think the YARD Equal Employment Opportunity committee serves a good purpose? Yes 642 No 127. If your answer is "No", why? _____ 14 %
11. Would you discuss an equal opportunity matter with the YARD Industrial Relations Department? Yes 647 No 116. If not, why? _____ 13 %
12. Would you discuss an equal opportunity matter with your supervisor? Yes 656 No 127. If not, why? _____ 14 %
13. Have you ever visited the YARD Industrial Relations Department for advice or to discuss a problem? Yes 286 No 26.

IF "YES":

- a. What kind of problems did you discuss? EEO 13, Leave 47, Promotion 110, Discipline 26, Training 92, or other 30.
- b. Did you feel that the members of IRD desired to help you? Yes 198 No 61 ← 21 % of Y
- c. Did they give you good advice? Yes 190 No 61 ← DITTO
- d. Would you go there again for advice or assistance? Yes 166 No 41 ← 14 % of Y

IF "NO"

e. Would you visit IRD for advice or to discuss a problem if the need arose?
Yes 467 No 57. If not, why? 10% of "NO"

14. Has your supervisor ever denied your request to visit the Industrial Relations Department or the Equal Employment Opportunity Committee? Yes 21 No 734 If the answer is "Yes", what reason was given for denial? 2%

15. Do you feel that you are kept well informed about the activities of your shop or office? Yes 496 No 277 32%

16. Do you feel that information of any kind is withheld from any employee because of race, color, religion, sex or national origin? Yes 187 No 551 22%

17. Do you feel that communication between YARD managers and employees could be improved? Yes 415 No 275 If "Yes", how? 48%

18. Do your immediate supervisors keep you reasonably well informed as to the work standards of your job? Yes 525 No 193 Do they keep you informed as to how your work performance is meeting the work standards? Yes 496 No 227 22%
26%

19. How do you think working conditions in the YARD can be improved insofar as equal employment opportunity is concerned? (answer on back of this sheet)

20. If there are any specific remarks you wish to make about equal employment opportunity in the YARD, please write them on the back of this sheet.

UNITED STATES GOVERNMENT

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

Memorandum

46

DATE: May 27, 1968

In reply
refer to:

SUBJECT: Equal Opportunity

FROM: The Secretary

TO: Commandant, U.S. Coast Guard

I have reviewed a summary of the report on equal opportunity at the Coast Guard Yard and I have two reactions. First, the Coast Guard is to be commended for its integrity in submitting a report which is highly critical of one of its components. Second, I think it is a matter of great urgency that we come up with a vigorous plan to correct the problems which the report reveals.

The situation at the Yard appears to be so serious that prompt action is required on both long-range programs and actions which can be taken immediately. Disciplinary actions and reassignments to correct problem situations may be in order. It will be necessary to describe precisely the extent of the family favoritism problem and work out ways of solving it.

I understand that the Commanding Officer of the Yard will soon be submitting his recommendations to you. Your staff should be working with the Director of Personnel and Training in reviewing those recommendations and developing a total plan of action which you and I can approve by no later than July 1, 1968.

Alan S. Boyd
Alan S. Boyd

Ref: (c)

JUL 26 1968

47

Action Plan for Coast Guard Yard,
Curtis Bay, Maryland

Assistant Secretary for Administration

The Secretary

In your May 27 memorandum to the Commandant, U. S. Coast Guard, you requested that a total plan of action be developed to correct the problems found in the recent review of Curtis Bay Yard's equal opportunity program.

We have reviewed that plan of action (copy attached) and believe the proposed actions will improve the Yard's personnel and equal opportunity programs. We believe, however, that two problems identified in the evaluation need Coast Guard's further attention and have elaborated upon them in the proposed reply. Further, the action plan called for a re-evaluation of the Yard's equal opportunity program in a year's time, and I have requested that a copy of this re-evaluation be furnished you by September 1, 1969.

We recommend that you sign the attached memorandum to Coast Guard regarding their plan of action.

Attachments

(Signed) Allen L. Dean

JDavis:jp:TAD-13:7/22/68

cc: S-10(3)
S-30
TAD-1
TAD-10
TAD-13

MEMORANDUM FOR DIRECTOR OF PERSONNEL AND TRAINING, DEPARTMENT OF
TRANSPORTATION

7/1/68

(5)

From: Commandant, U. S. Coast Guard

Subj: Review of Equal Employment Opportunity Program at the Coast Guard
Yard

Ref : (a) Memo dtd 7 December 1967 from Commandant, USCG, to Director of
Personnel and Training, DOT
(b) Memo dtd 13 May 1968 from Commandant, USCG, to Director of
Personnel and Training, DOT
(c) Memo dtd 27 May 1968 from the Secretary, DOT, to the Commandant,
USCG

I. Plans for improving the Equal Employment Opportunity Program and related
civilian personnel management activities at the Coast Guard YARD, Curtis Bay,
Maryland, are set forth in enclosure(1).

Enclosures

Smaller Peters 13" x 9 1/2"

Chamberlain Complaint
(Members to Comm
Forced to Retire)

REVIEW OF EQUAL EMPLOYMENT OPPORTUNITY PROGRAM
AT COAST GUARD YARD - 2-18 JANUARY 1968

I. Employee Management Relations

a. Recommendation: All civilian supervisors at the YARD be made fully aware of their responsibilities to assure equal opportunity and treatment for all employees. ✓

Additional seminars on equal employment opportunity training will be conducted by the Commanding Officer, YARD, in the near future. The follow-up seminars will emphasize supervisors' responsibilities to assure equal opportunity and treatment for all and that discrimination is subject to disciplinary action.

b. Recommendation: Shop heads plan a system of rotating all employees on undesirable assignments.

Positive action has been taken to insure that undesirable assignments are rotated as fairly and impartially as possible.

c. Recommendation: Assignments and details of employees to other than regularly assigned duties be formally documented and recorded in their personnel files.

Supervisors and employees are periodically reminded to up-date personnel records of special assignments, part-time assignments, additional training and education acquired, etc., in order that promotions, training, etc., will be awarded to the best qualified employees. Greater emphasis on this requirement will be made through the YARD News and other normal channels of communication.

d. Recommendation: A review of the civilian personnel management program be made by the Civilian Personnel Division in the near future.

The civilian personnel management program at the Coast Guard YARD will be evaluated by the U. S. Civil Service Commission during fiscal year 1969.

Program assistance visits will be made by representatives of the Civilian Personnel Division to assist the Commanding Officer, YARD, in developing ways and means for improving the YARD civilian personnel management program. Visits to the Coast Guard YARD will begin on 5 August 1968 or at some later date agreeable with the YARD.

II. Discipline

Recommendation: All civilian supervisors at the Coast Guard YARD be made fully aware of their responsibilities to assure equal treatment for all in disciplinary actions.

Representatives of the Civilian Personnel Division in their program assistance visits will review and discuss with YARD officials (1) YARD policy regarding disciplinary action for debt complaints, (2) the feasibility of arranging for consumer education training, and (3) the YARD orientation program for new employees.

III. Leave

Recommendation: Greater uniformity be maintained in the administration of sick and emergency leave.

A review of current leave policies and procedures will be made within the next ninety days by representatives of the Civilian Personnel Division. Particular attention will be devoted to the administration of leave matters in the Paint Shop, Electronics Shop and Outside Machine Shop.

IV. Training

a. Recommendation: Additional seminars on equal employment opportunity training be conducted for all supervisors at the Coast Guard YARD.

The Commanding Officer, YARD, recognizes the need for further training of supervisors in equal employment opportunity and additional seminars will be conducted on a continuing basis with assistance to be provided by representatives of the Civilian Personnel Division and the Equal Opportunity Divi-

sion, Coast Guard Headquarters.

b. Recommendation: The methods of conducting the training program for Helper mechanics be reevaluated.

The Commanding Officer, YARD, advises that every effort will continue to be made to improve the Helper program. Assistance ~~will~~ from the Civilian Personnel Division, Coast Guard Headquarters, will be provided if requested by the YARD.

c. Recommendation: Members of the YARD Equal Employment Opportunity Committee be provided special training in equal opportunity matters.

Training has been provided to the new advisor to the Commanding Officer, YARD, on equal opportunity matters. An effort will be made to provide some training to key members of the YARD Committee on Equal Employment Opportunity.

d. Recommendation: A positive supervisory training program be initiated at the Coast Guard YARD at the earliest date practicable.

A positive training program for all supervisors is now in progress. Top level supervisors are attending the Civil Service Commission Federal Executive Seminars; middle level supervisors are attending the Civil Service Middle Management Institutes; and, entrance level supervisors are attending the Civil Service Supervisor and Group Performance Courses. Special training, e.g., the Civil Service Supervisor and the Negotiated Agreement Course, is being provided to shop heads and appropriate Classification Act supervisors. About 40 ~~employees~~ supervisors will have attended the foregoing seminars and courses during fiscal year 1968. The Coast Guard YARD has provided also, four levels of supervisory training through the University of Baltimore for employees desiring to attend such training after hours.

The Civilian Personnel Division, Coast Guard Headquarters, considers that a Coast Guard oriented supervisors course should be conducted at the

Coast Guard YARD. Such a course will be discussed with YARD officials at an early date.

V. Promotions

Recommendation: Written tests for promotion be reevaluated.

The Civil Service Commission will be requested in their audit of the civilian personnel management program of the YARD to review the YARD's written promotion tests for the presence of elements in these promotion tests which tend to discriminate unintentionally.

VI. Incentive Awards

Recommendation: Supervisors be thoroughly indoctrinated in Coast Guard policy relating to incentive awards.

The Civilian Personnel Division plans to review the Coast Guard Incentive Award Program for civilian employees with the objective of improving the guidelines and streamlining processing procedures. This action will undoubtedly improve subject program at the Coast Guard YARD.

VII. Employment

a. Recommendation: A survey be made of the employment of relatives at the Coast Guard YARD.

The Civilian Personnel Division will assist the Commanding Officer, Coast Guard YARD, in reviewing its staffing patterns as it relates to the employment and utilization of employees who are related. A report will be submitted to your office on or before 1 October 1968. A copy of the current Coast Guard directive on the employment of relatives is attached.

b. Recommendation: A study be made of staffing patterns to assist the incumbents of "dead-end" jobs such as sandblaster, teletype operator, automotive equipment operator, etc., to obtain experience and training for more responsible jobs.

Efforts are being made to provide employees in "dead-end" jobs an oppor-

tunity to qualify for other positions. Some progress has been made and as staffing patterns are studied and evaluated, additional improvements are anticipated.

VIII. Communication

Recommendation: A system of brief meetings between supervisors and employees be established.

The Commanding Officer, Coast Guard YARD, has directed that the present system of periodic meetings between supervisors and employees on safety matters will be extended to include other job related matters.

XI. Segregated Facilities

Recommendation: The locker facilities in the Public Works Shops be divested of any semblance of segregation. *

Locker facilities in the Public Works Shops have been assigned by trade groups. The fact that the Grounds and Janitorial Services group is predominately staffed by Negro employees gives the appearance of segregated facilities. Some of the Negro employees prefer the current arrangement, but the Commanding Officer, YARD, is proposing a different arrangement of facilities to eliminate even an appearance of segregated facilities.

X. YARD Plan of Action for Equal Employment Opportunity

a. Recommendation: Closer contact be maintained with minority group organizations in the Baltimore metropolitan area.

The Commanding Officer, Coast Guard YARD, advises that representatives of local minority group organizations have been and will continue to be invited to attend special events at the YARD in order to improve personal contacts. Personal contact is currently maintained with minority group representatives in the Baltimore Mayor's Office, the Maryland State Employment Service, the Concentrated Employment Program, the Urban League, NAACP,

CORE and the Maryland Commission on Inter-Racial Problems and Relations.

These contacts are primarily for employment and tour purposes. ~~The less~~

~~fortunate, ghetto area residents, are the targets of recruitment and other~~

~~EEO efforts. The plan of action includes a very active group having three~~
~~of seven members of the Negro race, and chaired by a Negro. It is the YARD~~
~~Advisory Committee on EEO. It has an active role and performs this role~~
~~admirably, in the continuing problems of pursuing the EEO program at the~~
~~YARD.~~ ✓

b. Recommendation: All standing committees should have minority group representation, and especially the Apprentice Committee. *

A minority group representative will be assigned to those committees which are concerned with matters of special interest to minority groups, such as the Apprentice Committee. They already participate in many key committees and representative groups now in the YARD. The minority groups are represented on the Apprentice Committee by the union representatives of their union.

c. Recommendation: Special efforts be made to obtain minority group personnel in those shops and offices that have few or no minority employees.

Special efforts will continue to be made to obtain minority group personnel for shops and offices having few or no minority employees. [This is a difficult task because the situation exists primarily in those professions or trades which are of a shortage category nature.]

d. Recommendation: Special efforts be made to obtain Negro apprentices in those trades which the YARD employs apprentices. *

It is anticipated that Negro apprentices will be hired in the summer of 1968. A few Negroes are currently on the register and, with the all-out recruiting drive at local high schools, it is expected that more eligibles will become available.

e. Recommendation: Shop Heads and Group Heads should report their actions to the Commanding Officer, Coast Guard YARD, semi-annually to implement the Coast Guard YARD Equal Employment Opportunity Program.

Shop Heads will be periodically requested to report to the Commanding Officer the actions they have taken to implement equal opportunity in their shops.

f. Recommendation: Top management of the YARD continue to make known its support of the Equal Employment Opportunity Program.

Top management support of the EEO program will receive regular publicity.

~~It always has. It always will, as long as the problem exists.~~

AUG 3- 1968

6347

Action Plan for Coast Guard Yard,
Curtis Bay, Maryland

The Secretary

Commandant, U.S. Coast Guard

I have reviewed your plan of action in response to the recent evaluation of the Coast Guard Yard. I believe implementation of the action plan will result in improved personnel practices and further the equal opportunity program. However, it appears that two items require additional attention; these are discussed below.

First, the action plan provides for the Yard's Commanding Officer to communicate to supervisors the Coast Guard's personnel and equal opportunity policies. I believe that in addition to statements of policies, the Commanding Officer should encourage supervisors to demonstrate their support of these policies, e.g., through granting performance awards when warranted. Secondly, I would like to be advised of what action the Coast Guard intends to take about the supervisor who is regarded as abusive to everyone.

I am pleased to learn that you intend to re-evaluate the Curtis Bay Yard's personnel and equal opportunity program in a year's time. A copy of the report based on the re-evaluation should be furnished to this office, attention: Assistant Secretary for Administration, by September 1, 1968.

JWDavis:ach:x30326:TAD-13
7/19/68

signed Alan S. Boyd

cc: S-10(3), TAD-1/10/13
Control 03347

Organization for Emergency Preparedness

One of the more complex problems -- both organizationally and substantively -- of the Secretary of Transportation transferred to him from the Secretary of Commerce by P.L. 89-670 is the exercise of leadership in those transportation matters that affect the national defense and those involving national or regional emergencies. The Secretary has additional emergency responsibilities detailed to him by Executive Orders. The Secretary has received delegated authority and responsibility from the President's Office of Emergency Preparedness, as have most of the other Cabinet members. In essence the duties and functions involve the leadership and coordination of the entire national transport community in its readiness planning efforts, and potentially in its actual transport efforts during war time.

The Secretary's staff arm for these responsibilities is the Office of Emergency Transportation (OET) that was established in the Department of Commerce in 1962. During times of peace the functions of OET include: collection and analysis of data concerning the need for transportation facilities by all elements of the population during time of war or other emergency, establishment of systems for allocating scarce transportation resources during such times, and efforts to assure maintenance of operating capability during war time of: (1) the transportation system and (2) the Department of Transportation.

When the Department was organized in 1967, the Office of Emergency Transportation was placed under the direction of the Assistant Secretary for International Affairs and Special Programs, even though logically the function could have been placed in one of several other segments of the Department.

While it was recognized that some of the functions that should properly be performed by the Office could not be undertaken because of limited staff, many appropriate activities were undertaken. These included collecting of data on requirements and capabilities for emergency movement of people and goods; analysis of the data, coordination of preparation of planned transportation control systems; recruiting and training of National Defense Executive Reservists to assume duties connected with the effort in time of war; representation of the United States in international meetings relating to preparedness; development and coordination of Department plans for continuity of government in emergency conditions; development of re-location plans for the Department and related duties.

For FY 1967 and FY 1968 the Department's program has been funded entirely by the Office of Emergency Preparedness at the level of \$235,000 during 1967 and \$199,000 during 1968.

In August of 1968 the Secretary decided that the Department's capability for performance under emergency conditions might be improved by a re-examination of his emergency functions and the Department's organization to accomplish them. The Assistant Secretary for Administration and the Assistant Secretary for Policy Development were instructed to make a study of the problem of proper placement of emergency transportation in the Department.¹ His instruction envisioned that the functions of the Office of Emergency Planning might be divided between the two Assistant Secretaries. Matters relating to the Department's internal readiness planning would remain with the Assistant Secretary for Administration, and functions relating to the capability of the nation's transportation system to respond to emergency needs would be placed in the Office of the Assistant Secretary for Policy Development.

The study approved by the two Assistant Secretaries did not propose to divide the functions of the Office but did propose a plan whereby the OET would continue as the focal point for staff leadership and coordination of emergency preparedness activities of all types for transportation. It also proposed that OET be directed to prepare plans to make use of all related functional capabilities located anywhere in the Department, the Government, or in the industry, and that other DOT organizations should assume emergency readiness functions relating to their current functions and probable war time roles. The study proposed that the Office of Emergency Transportation and the Office of Management Systems jointly prepare proposals for wartime organization of the Department.²

Those proposals are currently under review.

Footnotes

1. Boyd to Secretarial Officers, memorandum, August 23, 1968. Subject: "Reorganizations in the Office of the Secretary."
2. Draft paper "U. S. Department of Transportation, Office of the Secretary, Organization for Emergency Preparedness, A Proposal," November 30, 1968.

-Extract-

August 23, 1968

Reorganizations in the Office of the Secretary

The Secretary

All Assistant Secretaries
General Counsel
All Operating Administrations
National Transportation Safety Board

In the interest of further improving the effectiveness of the functioning of the Office of the Secretary, I have decided to move forward with the following reorganizations as rapidly as the necessary directives can be prepared and issued.

2. Transfer of the Office of Emergency Transportation

As I have previously announced, the Office of Emergency Transportation is transferred from the jurisdiction of the Assistant Secretary for International Affairs and Special Programs to the Assistant Secretary for Administration. The Assistant Secretary for Administration and the Assistant Secretary for Policy Development will develop a proposal under which matters relating to the Department's internal emergency readiness planning and survival capability will remain with the Assistant Secretary for Administration and those relating to the capability of the Nation's transportation system to respond to emergency needs will be placed with the Assistant Secretary for Policy Development.

I will expect all officials affected by these decisions to take all necessary steps to expedite their accomplishment and to assure an orderly transition of reorganized activities.

Alan S. Boyd

-Extract-

11/30/68

DRAFT

U. S. DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
ORGANIZATION FOR EMERGENCY PREPAREDNESS

A PROPOSAL

INTRODUCTION

In memoranda of August 13, 1986, (Attachment A) and August 23, 1988, (Attachment B) and in subsequent conversations, the Secretary of Transportation charged the Assistant Secretaries for Policy Development and for Administration with developing proposals for more effectively handling the emergency transportation responsibilities appropriate for administration in the Office of the Secretary. A review and analysis of these responsibilities and related activities has been made; this paper reports on that analysis and recommends a course of action.

TABLE OF CONTENTS

| | |
|----------------------|------------------|
| Introduction | <u>Page</u> 1 |
| Executive Summary | 1 |
| Statement of Problem | 3 |
| Background | 4 |
| Discussion | 8 |
| Alternative Courses | 18 |
| Recommendations | 23 |

ATTACHMENTS

| | |
|--|------------|
| | <u>Tab</u> |
| Secretary's Memo August 13, 1968 | A |
| Secretary's Memo August 23, 1968 | B |
| Executive Order 10999 | C |
| Proposed Transportation Section New Omnibus Executive Order on Emergency Preparedness | D |
| Proposed DOT Order on IETC | E |
| OET Functional Statement (coordinated draft) | F |
| OET Record of Accomplishments | G |
| Chart of Emergency Preparedness Functions | H |
| Proposed OET Functional Statement | I |
| Proposed DOT Order on Emergency Preparedness | J |

EXECUTIVE SUMMARY

The Secretary of Transportation is responsible, both by Statute and Executive Order, for leadership in preparedness, and optimum utilization in periods of emergency, of the nation's transportation resources.

The emergency preparedness program is not an activity which has a high interest level in normal peacetime and yet it is of vital importance to the nation's survival in times of crisis. The Secretary's responsibility is to be exercised under the direction of the President and within the guidelines of the President's overall preparedness and resource management coordinator - the Director of the Office of Emergency Preparedness. The Secretary must have an effective DOT mechanism to assist him in this task.

The Office of Emergency Transportation (OET) has served as the staff element to support the Secretary (and, previously, the Undersecretary of Commerce for Transportation). This Office has maintained for the Secretary essential emergency preparedness relationships with interested Federal agencies and other governmental entities (state and local jurisdictions and international parties to agreements, i.e., NATO, Canada and Mexico) as well as with elements of the transportation industry; it has assembled data on U. S. emergency transport requirements and capabilities and prepared related analyses; it has developed some basic plans for transport controls; and it has developed basic plans for the continuity of DOT operations and the fulfillment of the Secretary's resource management responsibilities. In the total emergency preparedness environment these plans are probably not as good as the best, but better than most albeit far from satisfactory if an actual emergency were to develop; all of these actions require further development and refinement.

An important related consideration has to do with the failure of anticipated additional OET resources to materialize with the advent of DOT; in fact, OET has a smaller budget and staff today than it had before transfer to DOT despite a substantially increased workload.

Many of the activities undertaken as a part of the emergency preparedness program have their counterparts - or at least closely related - activities in normal day-to-day operations of OST and the Department. In the event of a major U. S. war, the Department activities probably would involve virtually all OST elements in the DOT support of the nation's war effort.

Several alternative organizational arrangements can be made for support of the Secretary's emergency preparedness responsibilities but, considering the existing situation one set of recommended actions appears most logical.

It is recommended that OET be continued as a separate office, for the present, reporting to the Assistant Secretary for Administration (to be reviewed annually), but that the OET role be shifted to emphasize leadership and coordination with assignments being made to other DOT organizational elements of emergency preparedness functions related to their ongoing activities and/or probable wartime roles.

STATEMENT OF THE PROBLEM

Public Law 89-670 provides in Sec. 4a that "The Secretary in carrying out the purposes of this Act shall, among his responsibilities, exercise leadership under the direction of the President in transportation matters, including those affecting the national defense and those involving national or regional emergencies." Executive Orders further detail the Secretary's emergency preparedness functions. The spectrum of such emergencies ranges from natural disasters through U. S. involvement in localized or world-wide conventional armed conflict up to and including nuclear attack on the United States.

The Problem: How should the Office of the Secretary be organized to best support the Secretary in carrying out these responsibilities?

BACKGROUND SUMMARY

National Preparedness. Since the Truman Administration, and particularly since the successful Russian explosion of a nuclear device, the United States has been committed to a form of permanent preparedness mobilization. The organization for such preparedness has varied slightly over the years but, basically, an agency in the Executive Office of the President (currently, the Office of Emergency Preparedness) is responsible for overall coordination of the Government's preparedness activities; in time of emergency this agency becomes the President's arm for establishing priorities and for overall coordination of the management of the nation's resources in accordance with such priorities. Existing agencies of Government are by Executive Orders, delegated responsibilities for preparedness (and presumably management in actual emergencies) in their specialized areas, (i.e., Agriculture for food, Interior for minerals, etc.).

Transportation Preparedness. In the transportation field this overall responsibility was assigned, in 1962, to the Secretary of Commerce in light of the broad general policy role of his Undersecretary for Transportation (see Tab C, E. O. 10999); with the establishment of the Department of Transportation (and particularly in view of Section 4A of the DOT Act) this responsibility for transportation emergency preparedness shifted to the Secretary (a copy of the current proposal for new Executive Order language is at Tab D).

This central transport preparedness responsibility has to do essentially with leadership and coordination of the entire transport community's readiness efforts. At the national level more specialized functions devolve upon the several Administrations of the Department as well as upon the Interstate

Commerce Commission (for domestic surface transport), the Maritime Administration of the Department of Commerce (for ocean shipping), the Civil Aeronautics Board (for civil air carrier transport) and the Department of Interior (for oil and gas pipeline movement). The principal mechanism for achieving coordination of these agencies efforts is the Interagency Emergency Transportation Committee. Although only now being officially established (see Tab E) the Committee has actually been functioning reasonably effectively for months. These specialized agencies maintain basic relationships with the transportation industry, however, certain such activities also fall to DOT (OET) both because of its central leadership and coordination role and also due to varying degrees of real preparedness interest on the part of some of these agencies. It is obvious, since the actual movement capability in the U. S. rests with the industry, that industry involvement is essential if the transportation emergency preparedness program is to have any meaning.

OET. Since 1962 the Office of Emergency Transportation has served as the staff arm on emergency preparedness matters of, first the Undersecretary of Commerce for Transportation and now the Secretary of Transportation (a copy of the draft Functional Statement for this Office, as it emerged from the departmental coordination process, is at Tab E; this statement was not approved by the Secretary due to the reorganization). In summary, OET principal functions to support the Secretary's emergency responsibilities are (a) to collect and analyze data on U. S. requirements for transport and capabilities to transport cargo and passengers under various specified

emergency conditions, (b) to control the use of available transportation resources consistent with the requirements, resources and national priorities, and (c) to maintain a capability to continue operations under emergency conditions; in addition it has assumed some leadership in focusing increasing emphasis on preparedness of the transport community and in representing the transport community in emergency preparedness activities. Functions a and b are similar to the functions of the Office of Defense Transportation during WW II and were the basic functions of OET in the Department of Commerce; with the transfer to the Department of Transportation the Secretary, in order to consolidate all OST emergency preparedness functions, also charged OET with the responsibility for Departmental Continuity of Operations and related activities (this function was handled by a separate Office in the Department of Commerce and remained in that Department with no associated resources being transferred to DOT). At the time of transfer to DOT it was expected that there would be a significant expansion of OET budget and personnel but this has not materialized. To date the Department has budgeted neither positions nor dollars for OET.

The Office of Emergency Preparedness has continued to provide the sole budgetary support for OET and, as a result of reductions in that agency's budget, OET has been reduced from 12 positions and \$235,000 in FY 1967 to 11 positions and \$199,000 in the current year; this OEP budgetary support is provided each year on the basis of a contract by which OET agreed to undertake specified tasks. (Coast Guard and FAA have provided some detailed support and a current contract with OCD has provided an additional \$40,000 in the present fiscal year but this has had to be used for additional consultant support to achieve the OCD contract goals.)

Current Status. Despite some moderate increase in tempo of transport preparedness and the modest set of accomplishments to OET credit (see Tab G) the Secretary's responsibilities have not been adequately fulfilled. This examination is aimed at providing for more effectively handling the Secretary's emergency preparedness responsibilities.

In attempting to devise an organization arrangement that will provide to the Secretary emergency preparedness support of optimum effectiveness, the following appear to be major considerations: the Secretary's emergency responsibilities, the operational setting, current OET activities, related ongoing OST/DOT functions, wartime organization for DOT, the impact of personalities, and DOT fiscal and staffing realities. Each is discussed below.

The Secretary's emergency responsibilities. The most fundamental -although general- charge to the Secretary is that in PL 89-670: to "exercise leadership under the direction of the President in transportation matters, including those affecting the national defense and those involving national or regional emergencies". This exercise of leadership is crucial to transportation preparedness; without it there will be either no preparedness effort in the field or what efforts there are will be fragmented, uneven and uncoordinated both within the transportation field itself and with the related elements that require emergency transport and that support transport operations - the suppliers of fuel, equipment, material, and manpower resources.

In more specific terms the Secretary is charged by Executive Order to develop and coordinate "overall policies, plans and procedures for the provision of a centralized control of all modes of transportation in an emergency for the movement of passenger and freight traffic of all types and the determination of the proper apportionment and allocation of the total civil transportation capacity, or any portion thereof, to meet overall essential civil and military needs." To accomplish this

necessitates integrating the requirements for movement with the capabilities for movement which entails the assembling from both military and civil sources of a vast amount of data on transportation movement requirements and resources as well as developing the systems for centrally collecting, integrating, and analyzing this data. In this connection he is specifically charged to maintain a capability to assess the effects of attack on assigned resource areas and departmental installations both at national and field levels.

The Secretary also is charged with making continuing analyses of transportation problems and facilities in relation to long range projections for the purpose of recommending programs "designed to bring all modes of transportation in balance with each other, with current economic conditions, projected peacetime conditions, and with emergency conditions".

Further the Secretary is responsible to develop plans and procedures for the control or delegation of control of the priority of movement of passengers and cargo for all modes of transportation and to "develop policies, standards and procedures for emergency enforcement of controls".

In this connection he is charged specifically to develop plans for a national program to utilize the air carrier civil air transportation and equipment both domestically and internationally in a national emergency.

A related special responsibility calls for his preparation of plans to claim supporting materials, manpower, equipment, supplies and services needed to carry out the responsibilities of the Department.

Further, in consonance with plans developed by other agencies assigned operational responsibilities in the transport program, the Secretary is responsible to develop plans for and be prepared to provide administrative facilities for performing emergency transportation functions when required by the President.

In all of the foregoing, the Secretary is to "assume the initiative in developing joint plans" for the coordination of transportation programs which involve other departments and agencies which have responsibilities for such activities and he "shall utilize to the maximum those capabilities of other agencies". Furthermore, all such emergency plans and programs "shall be developed as an integral part of the continuing activities of the Department".

The Operational Setting. The principal factors in the environmental setting within which the Secretary must operate to carry out the foregoing responsibilities are four. Probably the single most important factor is the general lack of emphasis and/or interest in preparing for emergencies that may never arise. This factor tends to make emergency preparedness an unpopular task that is always "put-off". Only when disaster strikes - a Pearl Harbor, a Cuban missile crisis, a raging hurricane - is emergency preparedness popular; and then is too late for "preparedness". One can readily question whether preparedness should get more of our attention. On reflection, our history seems replete with evidence of our past lack of preparedness. Today's world situation - witness the recalcitrance of Red China and the recent Czech crisis with its lessons writ large - should demonstrate the hostile manmade environment in which we live; a hostile nature is frequently demonstrated by earthquake, storm, flood. Although certainly we cannot be fully prepared for any eventuality, the threats to our existence in such an environment seem to argue strongly that we should emphasize preparedness to a much greater extent than we do. Emergency preparedness is not necessarily a good "image-maker" but, in times of crisis, a bad image can be made very quickly if we are not prepared.

A second factor is that overall leadership in national emergency preparedness rests with the Office of Emergency Preparedness in the Executive Office of the President. Transportation, although of critical importance to the nation's survival, must be fitted into a complex set of national interests. These very complexities argue for establishing

now, in more normal times, the relationships of transportation within the overall emergency context, which must operate effectively if crisis comes.

Interrelationships are particularly important also within the transportation section itself. This is a fragmented field with many interested government agencies (DOT, ICC, CAB, Comm/Marad, etc.) and an industry divided by mode and with many different types of carrier. In an emergency, more than at any other time, integration of our transport system is vital and cooperative effort between the several Federal transport agencies and the carriers is essential to such integration. Pertinent to this consideration is that much of the transport industry has from time to time sought governmental leadership and guidance in preparedness and has found little but frustration.

Another element to be considered in our U. S. preparedness efforts - particularly in the event of a nuclear attack - is the role and relationships of state and local jurisdictions. What are the "sovereignties" of states - vis a vis the nation - with regard to transport resources? Although some general guidelines have been promulgated, it is clear from numerous discussions that the applicability of these guidelines is uncertain on the part of both Federal and state officials who would be required to implement them. ✓

Current OET Activities. Major efforts of OET at present are directed to collecting data on emergency movement requirements and capabilities, and preparing analyses of such data; coordinating the preparation of planned transportation controls systems; recruitment, selection and training of National Defense, Executive Reservists; representation of U. S. transportation interests in preparedness meetings of international bodies such as NATO, joint US/Canada, and joint US/Mexico groups; development and coordination of Department and OST plans for continuity of government; development of relocation plans and facilities both for headquarters and field regional elements; and efforts to provide leadership, motivation, and coordination in preparedness for emergencies of both governmental and industrial transportation bodies. (See Tab G for further detail).

(Note that several of the preparedness responsibilities assigned to the Secretary receive little or no attention at present - due to lack of resources.)

Ongoing Emergency-Related OET Functions. Many facets of the normal peacetime operations of OET-element programs bear close relationship to emergency preparedness. The chart at Tab H sets forth somewhat more specifically many of these relationships among the most important of which are the transportation data collection, economics and systems analysis and policy review functions of the Assistant Secretary for Policy Development; the personnel, security, management systems and administrative operations functions of the Assistant Secretary for Administration; the state and local government and industry and labor relations interests of the Assistant Secretary for Public Affairs; the intelligence, telecommunications, facilitation and international interests of the Assistant Secretary for International Affairs and Special Programs; the potential technology impacts and hazardous materials movements interests which are the province of the Assistant Secretary for Research and Technology, and the legislative and regulatory (control measures) activities of the General Counsel.

In addition, of course, each of the administrations has many ongoing activities which bear importantly on emergency preparedness.

Wartime Organization for DOT. At present there exist no actual plans for the wartime organization for DOT. In discussions with the Office of Emergency Preparedness we have won agreement that no special wartime transport agency would be set up (as was the Office of Defense Transportation in WW II) but that the Secretary of Transportation would be looked to for this function. At least four options are open to him: establish an emergency transport agency paralleling, but distinct from, DOT with himself as its head; establish an "Emergency Transportation Administration" within the Department on a basis similar to that of other operating administrations; utilize an expanded Office of Emergency Transportation as a coordinating arm (and perhaps bring into the Department some elements currently outside such as Maritime Administration, car service functions of ICC, etc.) but look to the regular DOT structure as his major support resource; or, finally, to operate entirely through the regular DOT structure.

Because of the likelihood that the Department - and OST - would become very deeply involved in emergency operations it appears desirable to consider means of developing some capacity for this involvement during peacetime as an important preparedness measure.

The Impact of Personalities. While any executive is aware of the impact of personalities on any organizational decision, this factor may be of unusual importance in the current considerations because it is essential that those who provide support to the Secretary for his emergency preparedness responsibilities be strongly motivated and vigorous "believers" in the program. Relatively few people appear to fit these characteristics because, as previously noted, the program is neither popular nor glamorous. Furthermore, it is often filled with a greater degree of frustrations than normal so that, without high motivation, there may be a rapid turnover or a virtual cessation of activity.

Because of the importance of the leadership role, not only should the Secretary and higher echelons of DOT management make occasional appearances in behalf of the program (a point on which Secretary Boyd has been most helpful) but also those who have the day-to-day staff role in the Department must be able to provide an acceptable degree of leadership both in the Federal community and also in intergovernmental and industry circles.

DOT Fiscal and Staffing Realities. It is impractical to consider alternative means of organizing for emergency preparedness functions without recognizing the fiscal and staffing "facts of life." OET, which is the only element of DOT presently involved in emergency preparedness, has a current annual budget of less than \$200,000 and a staff of eleven; these funds come entirely from the Office of Emergency Preparedness and are provided on the basis of an annual contract. Such resources are obviously inadequate to carry out all of the myriad emergency preparedness responsibilities for which the Secretary is responsible and, as a matter of fact, are not intended by OEP to cover the functions that are purely departmental in nature. The prospects do not appear bright for any appreciable increase in these resources.

SUMMARY OF ALTERNATIVE ORGANIZATIONAL APPROACH

Four basic organizational approaches have been considered for OST emergency preparedness activities. They are: an expanded OET with significantly increased staff and budget, an OET of approximately present size but with altered concept and approach, a division of the existing OET, the elimination of OET and establishment of a Special Assistant post as a replacement. These appear to include the major logical alternatives and provide a wide spectrum from which to select. Each is considered briefly below. Also considered is the related question of organizational placement of OET, if continued as an entity.

It should be noted that the present study has not attempted to consider DOT-wide emergency preparedness functions, i.e., emergency preparedness in the Administrations. Such a study to consider the most appropriate roles and relationships of OST and the Administrations should be made as one of the "counterpart" series. Without wishing to prejudge the results of such a study, it does not presently appear that any major reorganization would be called for but certainly clearer understanding would be achieved by all concerned.

An expanded OET. This approach, to cover with minimum adequacy the major emergency responsibilities of the Secretary, would require at least a tripling (from 11 to 33) of the present staff. Such numbers would permit a basic effort in each of the areas of Secretarial responsibility.

Although in some respects the simplest approach - because it would build on the present OET concept but would materially augment the resources available - this approach is recommended to be rejected because it does not appear budgetarily feasible and because it would continue the practice of leaving almost all other OST elements outside the stream of preparedness activities.

An OET with altered concept and approach. This alternative would establish OET as the single central coordinating point for all of the Secretary's emergency preparedness responsibilities but would anticipate extensive assignment of specific functions to other OST elements - following generally along the lines of the chart at Tab H.

The principal disadvantage is that this would place on other OST elements workload which they have not previously experienced and the coordination requirements would be increased (over what is required if all is done within OET).

The principal advantages are that other elements of OST are brought into the emergency preparedness effort - thereby not only spreading the workload but also gaining broader participation (and hopefully additional ideas) and developing experience in organizational elements which, under actual emergency conditions, would probably be required to be involved.

This is the recommended alternative.

A Division of OET. This approach would split OET as an organization and the general emergency preparedness function. Several such splits can be envisioned (i.e., a "modal" split; information collection and analysis, control systems, operational readiness activities could be separated out; intra-departmental, interagency, and intergovernmental activities could provide a basis for division, etc.). Each such split has its own advantages and disadvantages.

One proposal, which would provide for "internal" activities to be separated from "external", particularly calls for further analysis. First: it can be done albeit along somewhat arbitrary division lines; but, like other

alternatives, this one has advantages and disadvantages. If we assume that the "external" element relates to industry, the question immediately arises as to the Executive Reserve functions: Executive Reservists are almost entirely from the transportation industry but they are intended to fill posts in the "internal" DOT organization in an emergency; if they are considered "internal" the "external" side has lost one of its most effective bonds with industry. Consider the development of control systems: such development involves national interests, the guidance of OEP, the participation of DOT operating administrations and other Federal agencies, and the transportation industry and would, in time of emergency, be administered by the Secretary's organization - should responsibility for this function be assigned to the "internal" or "external" side? And so on.

Perhaps the most important factor in considering this alternative is that fractionating the overall emergency preparedness function leaves only the Secretary to accomplish the essential coordination of this wide-ranging and complex function for which he has been assigned the leadership and coordination responsibility under the President. The Secretary would appear to be best served by having one officer on his staff to whom he can look for the accomplishment of this important function.

Replacement of OET with Special Assistant. This alternative - similar to the "OET with altered concept" alternative above - would provide the Secretary with a single focal point for coordinating all of his emergency preparedness activities; it is theoretically feasible and would eliminate the OET as an Office because virtually all of the substantive work would be "formed out" throughout OST and the Department.

It is recommended against principally because the workload - need for leadership and representation, for coordination and chairing of task groups, etc. is believed to be so great as to be beyond the capabilities of a one, two or even three man Special Assistant Office and there appears to be no real advantage in a mere change of name while requiring approximately the same size office staff.

Organizational Placement of OET. No one organizational placement appears to be uniquely logical for OET. As discussed earlier, the function involves almost every major element of OST; it appears to be most closely related to the areas of Policy Development and of Administration and certainly should have extensive relationships with each. Of course, as a special program, it could be assigned to the Assistant Secretary for International Affairs and Special Programs. As a program which extends across all major OST areas, and which is closely allied to our national security, it could be made a part of the Immediate Office of the Secretary, reporting either to the Under Secretary or Deputy Under Secretary. Each of these alternatives has its desirable aspects as well as disadvantages.

Because, if the proposed "new concept" for OET is to be adopted, much of the work of the Office for the next year will be essentially an organizing task, because the most basic functions of the Office have to do with management of the Nation's transportation resources in emergencies (therefore entailing development of Management Systems) and because the present Director of OET reports to the Assistant Secretary for Administration in his other capacity as Director of the Office of Management Systems - it is recommended that OET, for the present, continue to report to that Assistant Secretary.

It is further recommended that this organizational location of OET be reviewed by the Secretary each year in connection with an annual review of the emergency transportation preparedness program and its foreseeable needs.

RECOMMENDED ACTION

1. Continue the OET as the Secretary's single consolidated focal point for staff leadership and coordination of all emergency transportation preparedness activities - of DOT, the governmental transportation community, and the transportation industry.
 2. (See Tab __ for detail)
 - a. Direct OET to prepare and submit detailed plans for making optimum use in transportation preparedness of related functional capabilities existing elsewhere in OST, DOT, the governmental transport community and the industry.
 - b. Assign to other DOT organization elements emergency preparedness functions related to their current functions and for probable wartime roles.
 3. Continue, for the present, the assignment of OET to the Assistant Secretary for Administration but review and reconsider this assignment annually (in connection with a comprehensive briefing and review of the U. S. emergency transportation posture.)
 4. Direct OET to coordinate the preparation of plans for alleviating the transportation problems arising out of non-defense type emergencies (such as natural disaster).
 5. Direct the Assistant Secretary for Administration (OET and OMS jointly) to prepare promptly proposals for a wartime organization of DOT.
-

6. Establish a position as Deputy Director of OET and direct priority attention to filling it.
 7. Inform the Director of the Office of Emergency Preparedness of the Secretary's decisions in this matter.
-

Problems relating to the Saint Lawrence Seaway

The St. Lawrence Seaway is a system of waterways, natural and man-made, extending from the Atlantic Ocean through the Great Lakes. Portions of the Seaway were made navigable by the United States and other portions by Canada; the seaway canals and channel improvements in the United States extend from St. Regis, near Massena, New York to Lake Ontario. Throughout that length of the seaway, ships pass on the United States side of the international boundary. Under authorization of the Wiley-Dondero law of 1954, the United States constructed two locks within the Wiley-Dondero Ship Channel. Tolls are collected for passage of ships and divided between the United States and Canada according to an agreed formula. The Headquarters of the Department's St. Lawrence Seaway Development Corporation is maintained at Massena, New York; the Administrator resides there.

One of the major problems of the operation of the Seaway is the fact that it is required by law to impose toll rates calculated to cover costs of operation and maintenance and in addition to enable the corporation to amortize the interest and principal of the Corporation's indebtedness over a period of fifty years. Since the toll revenue has not been sufficient to accomplish the repayment, the total of the Corporation's bond and interest indebtedness has risen each year to the point where in 1967 the total was \$143.3 million, up almost \$20 million from the total in 1959; deferred interest alone accounted for over \$10 million. The problem is further complicated by the fact that the total tonnage transiting the system has not risen as fast as the predictions forecast. A further embarrassment is the fact that one of the locks has developed structural weaknesses requiring very expensive major repairs. Because of the growth in the size of vessels used and projected, proposals have now been made for "twinning" the locks to increase the seaway's capacity.

Almost as soon as the Department had acquired responsibility for the Seaway, its officials began to study the Seaway's problems in the hope of making the system economically viable. Preliminary studies were made by the Office of Economics^{*} and the Office of Policy Review^{**} of the Assistant Secretary for Policy Development. They concluded that to maintain the economic viability of the Seaway, significant changes would have to be made in the debt structure and the toll system of the Seaway, and also in the method of dividing the revenues between the United States and Canada. The changes including writing off the accumulated deferred interest by legislation; the total of the interest deferred by the United States Treasury was approximately \$10.5 million. Rehabilitation costs of the locks -- about \$13.1 million -- should be paid from the general funds of the United States. A further recommendation was that the toll revenues be divided according to the number of locks operated by each country -- five by Canada and two by the United States. The charges themselves should be based on a formula taking account of tonnage and use of the locks. The paper explicitly recognized the political problem involved in raising toll rates in an election year.¹

The existence of political ramifications to these questions suggested by Schwartz was confirmed on March 18, 1968 by a letter to Secretary Boyd signed by 12 midwestern Senators expressing concern about the "orderly and adequate development of the St. Lawrence Seaway, a vital artery into the heartland of the nation." The Senators indicated that although the legislative history would indicate that the Senate intended that the Corporation should fully "promote the Seaway, participate in port development, cooperate in extending the navigation season to 10-12 months. . ." those actions had not been taken. They were inclined to blame that deficiency on the fact that the Seaway had no

* James R. Nelson, Director

** David M. Schwartz, Director

Washington office to which they could turn for liaison and requested the establishment of a seaway headquarters in Washington.²

The requested liaison office was not established, however, and the liaison with the Seaway continued to be effected through the Department's Congressional Liaison staff.

Numerous other issues were raised in the Department and investigations of varying degrees of intensity were undertaken of many aspects of the Seaway's operation. In those circumstances, Mr. Joseph McCann, Administrator of the Seaway, recommended to Secretary Boyd that a study team be established to look into practically all aspects of the Corporation's affairs, including machinery for relations with the Congress, assessment of financial management and problems, economic studies, relations with the industry, with Canada, and with the Department.³

Meanwhile, though the repairs to the locks were believed to be necessary by engineering consultants, Congress did not act upon legislation to authorize payment for the repairs from the general funds.

Secretary Boyd, taking account of the many cross currents of thought and recommendations concerning the Seaway, appointed Assistant Secretary Mackey chairman of a task force "to prepare a comprehensive report on the present and future status and role of the Seaway."⁴ The Secretary requested such recommendations, both administrative and legislative, as the task force considered appropriate.

By May 27 Mr. Mackey was able to report to the Secretary that he had organized a group to undertake the study of the future of the Seaway, and that the investigation had been subdivided into four tasks. The tasks were defined as follows, with the indication of the organization to chair each of the groups:

1. Organization and administrative problems of the Seaway, chaired by Office of the Assistant Secretary for Administration.
2. Technical aspects of seaway operation, chaired by Coast Guard.
3. International problems, chaired by Office of Assistant Secretary for International Affairs and Special Projects.
4. Contract study of the economics of the Great Lakes region with the contract monitored by the Assistant Secretary for Policy Development.⁵

In compliance with Secretary Mackey's request, heads of the offices concerned designated their representatives to the subgroups by June 10. Assistant Secretary Dean's response began immediately to grapple with the issues by indicating the range of questions that might have to be dealt with; of these the most far-reaching suggested that the study would consider the management ramifications if the Seaway should be considered a part of the total transportation system from the Atlantic to Chicago and Duluth. A further suggestion was one of joint U.S.-Canadian management of the Seaway, with recognition of the possible desirability of private sector investment.⁶

Mr. Dean named Mr. John McGruder to chair the management sub-group; the chairman of the International Affairs sub-group was Mr. Richard J. Gage; the chairman for the technical sub-groups was Captain William R. Riedel, USCG, Assistant Chief of Staff for Planning, Programming and Budgeting of the Coast Guard. The investigation by the management group continued during the summer of 1968.

1. David M. Schwartz to Assistant Secretary for Policy Development, memorandum, March 4, 1968.
2. Philip A. Hart et. al., to Alan Boyd, letter, March 18, 1968.
3. Joseph H. McCann, "Conference with Secretary Boyd on Seaway Matters", with attachment, April 1, 1968.
4. Alan Boyd to Cecil Mackey, memorandum, May 15, 1968.
5. Cecil Mackey to The Secretary, memorandum, May 27, 1968.
6. Alan L. Dean to Assistant Secretary for Policy Development, memorandum, June 10, 1968.

UNITED STATES GOVERNMENT

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

Memorandum

DATE: March 4, 1968

SUBJECT: St. Lawrence Seaway Development Corporation

In reply
refer to:

FROM: Director, Office of Policy Review [Schwartz]

TO: Assistant Secretary for Policy Development

Summary

This memorandum reviews the financial history of the Seaway Corporation and concludes that significant changes are necessary in the debt structure, in the toll structure, in the matter of toll divisions between the United States and Canada, and in the method of financing the repairs now underway in the Eisenhower Lock to the extent that the present pending legislative proposal is self-contained. The recommendations set forth are interrelated, take into account statutory requirements, economic analyses, and domestic and international political realities, and would be submitted as a package proposal. Numerous alternatives are also considered. The recommendations are as follows:

1. All deferred interest accumulated during operation would be written off by legislation. This sum would total approximately \$10.5 million.
2. Rehabilitation costs on the Eisenhower Lock and, to a lesser extent, on the Snell Lock would be funded out of the general fund through legislation. This would total approximately \$13.1 million.
3. The division of toll revenues between the United States and Canada would relate to the ratio of locks operated by each country rather than to the present allocation based upon annual Seaway charges incurred by each nation. This would result in a change in divisional percentages from 27 (U.S.) - 73 (Can.) to 28.6 (U.S.) - 71.4 (Can.).
4. Present tonnage tolls would be supplemented by new lockage charges per vessel with a reduction in general cargo tolls. The net effect of this change would look to a substantial increase in total revenue, realized on a more economic basis.

Background

The Seaway Corporation's enabling legislation provides, as pertinent, that the toll rates prescribed shall be calculated to cover, as nearly as practicable, all costs of operating and maintaining the works under the administration of the Corporation, including depreciation, payment of interest on the obligations of the Corporation, and payments in lieu of taxes, and that

the toll rates shall provide, in addition, for the Corporation revenues sufficient to amortize the principal of the debts and obligations of the Corporation, over a period not to exceed fifty years.

In a March 9, 1959, exchange of notes, the U.S. and Canada established the initial toll rates and divisions of toll revenues for operation of the Montreal - Lake Ontario sector of the Seaway. The agreement, in providing for subsequent adjustments of the divisions, indicated that the revenues were to be distributed in the ratio of the annual charges (for operation, maintenance, interest and debt retirement) of each entity to their combined annual charges.

Clause 7 in the 1959 agreement also required the two entities, after five complete seasons of navigation have elapsed, and not later than July 1, 1964, to report to their respective Governments as to the sufficiency of the authorized tolls to meet the statutory requirements and to cause the tariff to be reviewed accordingly. By an amendment to the agreement in May 1964, the reporting date was postponed to July 1, 1966.

The toll rates and the divisions prescribed in the 1959 agreement were based on recommendations agreed to by the United States and Canadian Tolls Committees. They were calculated to provide the lowest tolls consistent with the encouragement of traffic and with the need for revenues sufficient to make the project self-liquidating within the fifty-year period required by legislation of both nations.

In January 1963, the U.S. Corporation and the Canadian Authority, in accordance with clause 7 of the 1959 agreement, commenced new toll negotiations. Both entities contracted for research (Stanford Research Institute for the U.S. and J. Kates & Associates for Canada) to study the future traffic volume of the Seaway and the effect that toll increases would have on the future traffic.

- ✓The SRI report concluded that moderate changes in tolls would have little influence on its traffic projections, and that only about one million tons of iron ore and some marginal grain movements might be affected. The Kates study indicated that an increase of up to 20 percent would have little effect on the future volume of Seaway traffic; that toll increases of between 20 percent and 50 percent could cause the diversion of some iron ore (approximately one million tons to the Pittsburgh area); that apart from iron ore, tolls could be raised up to 50 percent with a relatively small diversion of traffic; that toll increases over 50 percent would have a serious effect on iron ore movements; and that apart from iron ore, tolls could be raised 100 percent with a reduction of only 10 percent in potential traffic levels, with the recognition, however, that changes in iron ore movement would upset the sector of shipping which depends on balancing grain movements downbound with upbound iron ore.
-

On May 9, 1966, the Corporation issued a document summarizing the future traffic estimates and toll requirements. The forecast showed that an approximate 10 percent increase in tolls, with a revenue division of 28 percent to the U.S. and 72 percent to Canada, was necessary if the Corporation was to begin amortizing its indebtedness within the period 1967-1971. Notice to the public was given, and hearings on toll, division, and Welland lockage charge proposals agreed to by the entities for purposes of the hearing were held in Ottawa in May 1966 and in Chicago in June of that year. As proposed, bulk cargo tolls would have been increased from 40 cents to 44 cents per ton, general cargo from 90 cents to \$1.00, and gross registered ton of vessel from 4 cents to 4.5 cents.

On December 1, 1966, after certain false starts, the Administrator of the Corporation submitted a report to the Secretary of Commerce concerning the toll proposals. He recommended that the proposed toll increases of approximately 10 percent and a permanent division of tolls with 72 percent accruing to the Canadian Authority and 28 percent to the Corporation be accepted. It was also recommended that further study be conducted concerning the proposal for lockage charges on the Welland Canal which is owned and operated by Canada, although at the same time he also recommended that the toll increase, the divisions question, and the Welland charges be considered as one parcel because of their obvious interrelation.

On February 8, 1967, Mr. Boyd advised the Director of the Bureau of the Budget that, given the existing legal requirements, he endorsed the recommendations of the December 1, 1966, report of the Seaway Administrator. He also indicated, however, that the time was ripe for a review of the laws affecting the Seaway in light of its financial condition. He recommended that the Corporation's deferred interest accumulated during operations (\$10.5 million) should properly be regarded as a sunk cost and not included as part of the toll base. He recommended the introduction of legislation to this effect by the Administration, which proposal, if enacted, would make a toll increase unnecessary.

Thereafter, as a result of extremely heavy bipartisan political pressure from midwestern Congressman, Senators, and Governors, and from other public and private interests concerned with the Great Lakes, the White House indicated that there would be no increase in Seaway tolls at that time. Thereupon, on February 17, 1967, an agreement was reached among DOT, State, and BOB that a negotiating position with the Canadians would include the following:

1. No increase in Seaway tolls;
2. Agreement to a 72-28 division;
3. Strong effort to get the Canadians to forego reinstitution of the Welland charges; and

4. That the rationale for no toll increase would be the fact that traffic was increasing and the prospects for recovery of the Seaway's obligations without a toll increase looked good.

While BOB would not agree to forgiving deferred interest accumulated during operations, it did agree to general fund financing of the Eisenhower Lock repairs. Subsequently, negotiations with Canada were held. State was allowed no leeway whatsoever on the toll increase issue. On the divisions and Welland issues, it had some freedom to negotiate.

To resolve, at least temporarily, this long pending matter, to mollify Canada which claimed it had been led to believe the tolls would be increased, and because of the more serious financial condition of the Canadian Authority, a compromise was reached whereby tolls were not increased, the divisions were changed to 27 percent (U.S.)-73 percent (Canada), the Welland lockage charges were imposed with U.S. objections noted, and the toll and divisions questions were subject to reevaluation after four years. The 2 percent change in divisions cost the Corporation approximately \$500,000 per year, or between \$46 million and \$67 million if effective through the payout period. It is \$46 million figured at 3.5 percent interest and \$67 million at 5 percent interest. The current interest on money borrowed by the Corporation is running over 5 percent.

Present Status

Of critical concern is the fact that under present conditions it is virtually impossible for the Seaway Corporation to retire its indebtedness within the remaining 41 years of the statutory repayment period. Through 1966, Seaway traffic and revenue were less than contemplated by the original tolls committee. Operation and maintenance expenses have been greater than anticipated. As a result, the Corporation had been unable to make interest payments as forecasted by the original tolls committee. The liability as of December 31, 1966, for deferred interest accumulated during operations was \$10,501,006, compared to the tolls committee's projection of a \$1,289,486 liability at that date. Deferred interest accumulated during construction, and still unpaid, is \$6.7 million.

At the end of 1966, the Corporation's capital debt was \$141,983,493. In order to liquidate this debt over the remaining life of the statutory repayment period, annual payments of about \$6,503,000 would be required for principal and interest (based on an interest rate of 3½ percent compounded annually). The Corporation's May 1966, "Summary of Future Traffic Estimates and Toll Requirements" indicates that the average annual operation and maintenance expense for the five-year period 1967-71 is estimated to be \$1,980,000 and that \$420,000 is estimated to be spent annually for replacement equipment.

On this basis, the Corporation will require average annual revenues of about \$8,900,000 in order to pay off its indebtedness within the statutory time period. This required amount will increase if (a) the major rehabilitation work on the Eisenhower Lock must be financed from Corporation revenues, (b) average amortization, operating, or replacement costs exceed the above estimates, or (c) if traffic predictions change materially, as they did in 1967 due largely to a strike.

In order to produce an annual average revenue of \$8,900,000, about 67 million tons of average annual traffic would be necessary, based on the present toll rates and revenue distribution formula. However, the attainment of such tonnage is related closely to the physical capacity of the locks to make up shortages in tonnage during the development years, with increased traffic in later years. Tonnages for 1966 and 1967 were 18 and 23 million tons below the 67 million ton average. Moreover, the Corporation believes that the maximum capacity of the locks is between 60 and 65 million tons. It is apparent that in these circumstances the existing toll structure and divisions will not permit the Corporation to liquidate its investment within the stated fifty-year period.

Analysis and Recommendations

A careful analysis has been made of the operating and tonnage statistics of the Corporation in order to resolve its difficulties in a sound economic manner.

See Table I, Operating Statistics, on page 6.

Table I below summarizes the tonnage and revenue data for the Corporation from 1959 through 1967.

Table I - Operating Statistics
St. Lawrence Seaway Development Corporation
1959-1967
(in millions of dollars)

| | <u>1967E</u> | <u>1966</u> | <u>1965</u> | <u>1964</u> | <u>1963</u> | <u>1962</u> | <u>1961</u> | <u>1960</u> | <u>1959</u> |
|---|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| a. Revenues | \$6.0 | \$7.1 | \$6.4 | \$5.6 | \$4.5 | \$3.7 | \$3.4 | \$3.1 | \$3.2 |
| b. Operating Expenses (incl. Replacements) | 2.1 | 1.9 | 1.8 | 1.7 | 1.6 | 1.5 | 1.3 | 1.2 | 1.0 |
| c. Net Revenues Avail- able for Repayment | 3.9 | 5.2 | 4.6 | 3.9 | 2.9 | 2.2 | 2.1 | 1.9 | 2.2 |
| d. Interest Expense | 5.1 | 5.0 | 4.9 | 4.8 | 4.7 | 4.5 | 4.4 | 4.1 | 2.6 |
| e. Interest Deferred during Operations | 1.1 | -.2 | .3 | .9 | 1.8 | 2.3 | 2.3 | 2.2 | .6 |
| f. Total Bond and Interest Debt | 143.3 | 142.0 | 141.7 | 140.4 | 138.6 | 135.5 | 132.5 | 128.9 | 123.8 |

Tonnage Statistics
(in millions of tons)

| | | | | | | |
|---------------|------|------|------|------|------|------|
| Total Tonnage | 44.0 | 49.2 | 43.4 | 39.4 | 30.9 | 25.6 |
| a) Bulk | 38.1 | 43.8 | 37.8 | 35.6 | 28.2 | 23.1 |
| b) General | 6.0 | 5.5 | 5.6 | 3.7 | 2.9 | 2.5 |

Note particularly:

- a. The cumulative build-up of deferred interest from 1959 through 1965, amounting by January 1, 1966, to \$10.5 million.
- b. The slight surplus in 1966.
- c. The substantial interest deferment in 1967, mainly attributable to a strike but also chargeable in small part against a continuing increase in operating expenses.

The relationship of these financial data to tonnage figures may be appreciated by comparing various high tonnage forecasts for 1967 with the actual results shown in Table I for both 1966 and 1967.

Table II - Forecasts for 1967 and Results,
1966 and 1967

U.S. St. Lawrence Seaway Development Corporation

High Forecasts for 1967:

| | | |
|-----------------------------------|------|--------------|
| J. Kates & Associates | 52.0 | million tons |
| Stanford Research Institute | 47.5 | " " |
| Corporation Forecasts | 50.1 | " " |

Actual Results:

| | | |
|------------|------|-----|
| 1966 | 49.2 | " " |
| 1967 | 44.0 | " " |

Given the rate of growth of tonnage shown in Table I, the actual 1966 figure would probably have approached even the highest forecast if it had not been reduced by external causes.

Here, then, is a facility with a record of rapid growth, but with a relatively substantial deficit for the last calendar year and with an accumulated interest deferment amounting to 1.5 times annual revenues and of the order of twice "net revenues available for repayment" before deduction of current interest.

The Corporation's own forecast, just above actual 1966 results and below what would have been achieved in a "normal" 1967, is for growth from 1967 on of 1.2-1.4 million tons per year through 1976. The cumulative growth anticipated in the Stanford Research Institute forecast is practically the same through 1976 (12.6 million tons vs. the Corporation's anticipated growth of 12.3 million tons), and the J. Kates estimate is much higher over this period (32.5 million tons). On the basis of the two lower estimates, the U.S. Seaway should be able to pay its way on a current basis, given an absence of strikes. But it is unlikely, on anything like present tolls, to be able to contribute much over the next decade toward reduction of deferred interest.

The Seaway has not only been afflicted by abnormal influence on the demand side. It also faces financial embarrassment on the cost side, due to the need for major reconstruction at the Eisenhower Lock. This particular source of financial embarrassment is in no sense chargeable to the Seaway, either as an operating body or as a forecaster. Instead, it must be attributed either to original faulty construction or to construction specifications over which the Seaway had no real control. Therefore, any attempt to assess the abnormal repair costs of the Eisenhower Lock against the Seaway would violate

principles of both economy and equity -- especially for an organization whose eggs are all in so few and so specialized baskets. Conversely, a case can be made for tolls adequate to yield a modest annual surplus in lieu of an insurance premium on assets such as the Eisenhower Lock.

As for the Seaway's earnings, and its schedule for repayment of debt: In an enterprise so new, whose volume of business has until recently been growing so rapidly, the wise course would be to defer consideration of repayment schedules until revenue for interest payments is fully in hand.

The net result of these various statements is the following series of recommendations:

1. Write off interest deferred since the beginning of operations, in order to prevent the shadow of the past from hanging indefinitely over the future. The first objective of the Seaway is to cover operating expenses plus interest out of operating revenues, and not to stifle current growth by toll increases justified only to provide funds for repayment of the past. The heavy burden of deferred interest which accumulated during operations distorts the true financial picture of the Seaway and adds to the difficulties of constructing a satisfactory toll structure for the long term. As matters now stand, its recovery is not at all likely.
2. Continue to support the pending legislative proposal to fund rehabilitation costs for the Eisenhower Lock out of the general fund, and not out of U. S. Seaway revenues. Nothing can be gained by forcing future seaway users to pay for past engineering misfortunes.

Finally, two recommendations relate to international and inter-commodity equity:

3. Share revenues between Canada and the United States on a ratio of 5/7 to 2/7. This avoids placing toll divisions on a cost-plus basis because it does not relate them mechanically to relative construction costs (e.g., as more money has to be spent on a given lock, should the country spending the money be entitled to reimbursement from the country whose locks did not need extra outlays?) The simplest basis for division of revenues between the United States and Canada would seem to be on the basis of relative numbers of locks: U.S., 2 out of 7; Canada, 5 out of 7. This change would yield the United States 2/7, or 28.57% of total receipts, as compared with its present share of 27%. The extra 1½% of 27% would add almost 5% to U. S. receipts -- or approximately \$300 - \$350 thousand. Given the

Based on 6,496 total lockages, a flat fee of \$100 per vessel would raise about \$650,000 additional revenue at the U.S. locks. However, the following would be preferable:

- a. Lower general cargo rates from their present 90¢ per ton to 60¢, which would reduce the U.S. share of receipts from general cargo by about \$550,000 - \$600,000.
- b. Introduce new lockage fees, on the U.S. locks, of \$200 per vessel. If it is still desired to induce some vessels to accept tandem lockages, then the lockage fee for vessels going through in tandem could be set at \$150 each. In the first case, total new receipts would be about \$1,300,000 per annum. In the second case, they would be reduced to about \$1,225,000.

Thus the net effect of these structural rate revisions would be:

Add: Lockage fees, yielding \$1,225,000 to \$1,300,000 added revenue;

Subtract: Reduction in general cargo fees, of \$550,000 - \$600,000.

For a net increment to revenues of \$700,000 - \$750,000, plus at least \$300-350,000 from a higher U.S. share of total tolls (increased, of course, with any increase in toll receipts), and plus or minus the net effect on total cargo tonnage and on total number of vessels resulting from the toll changes suggested. These various items would have yielded enough revenues to balance interest obligations even under the abnormal conditions prevailing in 1967. Given the growth forecast, they would rapidly generate surpluses to be applied in reduction of debt. In reaching this conclusion, consideration has been given to the added impact of pending increases in pilotage charges on the Great Lakes. It does not appear that the combined effect of Seaway toll charges and Great Lakes lockage charges would affect Seaway traffic.

Political Considerations

The political posture of this situation must be considered. Midwest interests have strongly and successfully fought off toll increases. On the other hand, eastern port interests and, to a lesser extent, Gulf interests have urged higher tolls and have successfully blocked legislation to alleviate the financial situation and to provide for general funding of the Eisenhower Lock rehabilitation program. Therefore, any proposal, to be successfully advanced, must have something of benefit for every interest. Should an integrated and compromise package proposal supported strongly by the Administration prove unsuccessful, the President could not be faulted for trying.

The recommendations suggested above have the particular virtues of "benefiting" all concerned, including Canada, to a reasonable extent and of putting the Seaway's financial house in sound and logical order. In an election year, the merits of such an approach are considerable.

As to the Midwest, while tolls would be increased somewhat on bulk traffic, no diversion would result. Moreover, the Midwest has developed and has a greater interest than Canada in general cargo. The reduction in tolls on such traffic, notwithstanding the new lockage charge, would have merit. As to the East, the higher tolls and charges would be welcomed, and might serve as a price to pay for hearings in the House on the Eisenhower Lock repair bill. As to Canada, it would get the greater revenue it vitally needs from lockage charges (which complement its approach to the Welland). At the same time, it may well accept the rational approach proposed to the divisions question rather than await the results of the negotiated four-year period with the imminence of a U.S. request for a substantial division change based upon the rehabilitation costs.

It must be emphasized that for the recommended approach to be successful, recognition must be given to its compromise nature which adheres insofar as is fair and practicable to the user charge philosophy, and to the need for forceful Administration support which will necessitate development and active selling of bipartisan and broad geographical support.

Alternatives

Among the major alternative proposals considered were:

The Proposal of Rep. Reuss (D.-Wis.)

Under this plan, the total debt would be converted to capital stock with accumulated dividends at 3.42%, the average interest rate at the time of the bill's introduction. All operating costs (increased 3% per year) would be paid from tolls, with no provision for the redemption of capital stock. Using Corporation traffic estimates with the U.S. share of tolls at 27%, this plan would largely resolve the Corporation's present financial difficulties but would have effect of leaving the principal written off. At the end of the payout period, only \$2.5 million in unpaid dividends would remain.

The Proposal of Senator Walter F. Mondale (D.-Minn.)

This bill is similar to the Reuss Bill. It would, however, take maintenance costs out of the toll base and pay them from appropriated funds. This was undoubtedly added to provide for recovery of costs in rehabilitating the Eisenhower Lock. Other changes, of a minor nature, allow for redemption of capital stock at the discretion of the Corporation and the cumulative dividends are set at 3.61%, the average interest rate at the time. This program

would result in all capital stock being redeemed by the year 2011, only three years later than the projected payout period. Toll criteria in the bill would no longer contain the existing requirement that tolls shall amortize principal; the debt would be written off.

A Proposal to Forgive Operating Interest:

Legislation of this nature would, as of December 31, 1966, forgive \$10.5 million. With an average interest rate of 3.58% and all operating costs paid from tolls, with the U.S. share of tolls at 27%, a debt of \$96.3 million would remain at the end of the payout period.

A Proposal to Forgive Operating and Capitalized Interest (\$17.2 Million):

At the end of the payout period, a debt of \$67 million would remain.

A Proposal to Forgive Operating and Capitalized Interest While Increasing the United States Share of Tolls to 28.6%:

Another proposal considered would be to convince Canada to accept divisions based upon operating facilities or investment and legislation forgiving \$17.2 million in operating and capitalized interest. If this could be accomplished, there still would remain a debt of \$19.1 million at the end of the payout period.

A Proposal to Forgive \$33 Million (All Current and Deferred Interest) from the Corporation's Overall Debt of \$142 Million:

This sum, if forgiven by legislation, would allow the Corporation to achieve payout as required by the Seaway Act at a 27% share of revenue to the U.S. The proposal is obviously too costly.

A Proposal to Extend the Amortization Period to Corporation Revenue Bonds from 50 to 100 years:

With toll divisions at 27% for the U.S., interest on debt at 3.58% and operating costs increasing 3% per year, and using either the SRI or the Corporation's traffic assumptions, the debt would still increase rather than decrease.

A Draft Seaway Corporation Staff Paper Calling For:

1. Raising tolls to the level necessary to meet financial obligations (50¢ for bulk and \$1.25 for general cargo);
2. Offering the Great Lakes support for engineering studies to extend the navigation season of the Great Lakes-Seaway route;

3. Supporting economic and engineering studies that will lead to the construction of expanded facilities when feasible (in the early 1980s according to Corporation studies);
4. Originating a study of economics and of facilities to assist Great Lakes ports in meeting the containerization challenge and to prepare Lakes ports for use by larger vessels;
5. Supporting a larger role by the Corporation in continuing economic and traffic research.
6. Supporting an expanded promotional program by the Corporation to increase trade for Lakes ports; and
7. Supporting a program of coordination of navigational activities of the various federal agencies operating in the Lakes.

In an election year, it is not feasible to increase tolls without some significant compensating element to the Midwest interests. The various studies and supporting activities mentioned, while espoused by the Great Lakes Task Force and suggested by the Seaway Administrator to the Great Lakes Basin Committee, do not appear to fulfill this requirement. This is particularly so in an election year and so soon after a decision was reached not to increase tolls. Moreover, the proposed increases lack the sorely-needed incentive present in the recommended course of action taken in this paper. In addition, the proposals do not attempt to rationalize the Seaway's financial condition. It is untimely to consider twinning, for example, when the present system is well below capacity, when no attempt is made to correct the situation, and when traffic estimates are being revised downward.

David M. Schwartz

cc: Mr. Barber
Mr. Nelson
Mr. Skaggs

United States Senate

WASHINGTON, D.C. 20510

2820

(2)

March 18, 1968

The Honorable Alan S. Boyd
Secretary
Department of Transportation
800 Independence Avenue, S.W.
Washington, D. C. 20590

Dear Mr. Secretary:

As midwestern Senators and as members of the Great Lakes Conference of Senators, we are most concerned about the orderly and adequate development of the Saint Lawrence Seaway, a vital artery into the heartland of the nation.

This interest was instrumental in our successful efforts to gain adoption of Senator Hart's amendment to P.L. 358, 83rd Congress -- Section 8 (g) (2) of the legislation which created your Department. This amendment made it very clear indeed that the Administrator of the Saint Lawrence Seaway Development Corporation was to report directly to the Secretary of Transportation.

At that time we expressed our desire for the Corporation fully to promote the Seaway, participate in port development, co-operate in extending the navigation season to 10-12 months, and generally work for increased use of the Seaway.

Unfortunately our hopes have not borne fruit. We believe that one significant reason for the Seaway Development Corporation's failure adequately to pursue Seaway development arises from the lack of activity where it is needed most -- here in Washington. The present system of phoning or writing Massena, New York, or proceeding through your public affairs department is most unsatisfactory, despite the Department's efforts to make such a system work.

The immediacy of the problems faced by the Seaway together with the degree to which these problems are interrelated with the activities of your Department as well as other Washington-based Federal agencies such as the Defense Department make it crystal clear to us

3/21

that a Seaway Development Corporation office here in Washington is not only desirable but essential. Such an office could work closely with the Congress, the executive branch and private groups in pursuing such questions as the Seaway's toll structure, lengthening of the Seaway season, and traffic promotion. We consider it vital to the fulfillment of the mandate expressed in the above-mentioned amendment that we have sufficient Seaway Corporation representation in Washington. We earnestly request your assistance in achieving that goal.

Sincerely,

William P. Smith

Stephen M. Young

Charles H. Perry

Garrison Nelson

Walter F. Mordale

Cyrus M. Kirk

Vance Tarabe

Ruth Bayl

Philip A. Satt

Edward M. Linsen

Forney Bayl Frank L. Linsen

There are some questions regarding the Corporation's policies and objectives as well as its relationship to other segments of DOT.

Some of these questions arise because of the Corporation's unique legal status, its methods of finance and its special reporting requirements.

Other questions develop from interrelations within the department and from special relationships outside of the department.

These questions are not new. There is a history dating back to the Corporation's early days when we were made an independent corporation, then placed under the Secretary of Defense, then the Secretary of Commerce. These questions concerning our role and our policies are unfortunately complicated by outside pressures from many directions. These pressures come to the Corporation as well as to the Department.

The first attempt to find some answers was the Harllee report of 1961.

The most recent attempt in this direction was a memorandum by Mr. Spiekerman of DOT who suggested a new review of Seaway functions.

Therefore, rather than go into detail, listing all the areas of special concern, I would like to simply second Mr. Spiekerman's report and suggest an in-house study by a group composed of a representative from Mr. Agger's office, Mr. Dean's office, ^{Mr. Macbry's} a representative of the Corporation, and possibly a Bureau of the Budget representative.

I believe this report would be of mutual advantage and undoubtedly answer many of the questions and problems concerning the Corporation.

I have some supporting material with me, listing specific areas of concern, but I would like to suggest that this material be turned over to the task force, if you agree to its establishment.

Joseph H. McCann
Administrator

I. Specific Areas of Concern.

Saint Lawrence Seaway Development Corporation.

- a. Clear understanding of the Seaway's missions and objectives and its role in the DOT. Also the required organization to accomplish these goals.
- b. Coordination of legislative matters, such as comments on proposed bills, initiation of Seaway legislation, Congressional correspondence in general, and Congressional inquiries (both direct and indirect).
- c. Pros and cons of counterparting various Corporation functions, such as economic studies, legal, accounting, procurement, etc. Is it possible to achieve better integration of our programs into those of DOT?
- d. Improvement of communications in general -- there is a lack of two-way communication on important matters.
- e. Problem areas specifically applicable to Corporation responsibilities such as:
 - (1) Financing of rehabilitation program.
 - (2) Development of a feasible repayment plan.
 - (3) Traffic developmental activities, both domestic and overseas.
(See Attachment No. 1.)
 - (4) Seaway's role in assisting or coordinating Great Lakes interests in port improvements.
 - (5) Establishment of parameters in negotiations with SLISA on tolls, operations, and expansion of facilities.
 - (6) Corporation role in pilotage.
 - (7) Corporation spokesman on Congressional inquiries.

- (8) Economic studies and forecasts concerning potential traffic cargoes and financial capability.
- (9) Relationships with other agencies, such as Treasury, GAO, GSA, State, BOB, and the Congress.
- (10) Clear delineation of differences in corporate versus appropriated-type controls and procedures -- particularly as they become integrated in DOT orders.
- (11) Procedures for obtaining policy clearance in the Office of Secretary, DOT, concerning legal, public relations, audit, and other related matters.
- (12) Action required on Conference of Great Lakes Senators' recommendations in their Task Force Report on the Seaway, dated 1967.

II. Enabling and DOT Acts, and Prior Reviews of Seaway Operations.

- a. P. L. 358 - Seaway Act.
- b. P. L. 89-670 - Department of Transportation Act of 1967.
- c. Admiral Harllee's Report of Seaway Operations - 1961.
(Study in depth by Task Force from Department of Commerce)
- d. Mr. Spiekerman's Report of a one-day visit in March 1968.
(See Attachment No. 2.)

III. The Role of the Seaway

1. Operate and maintain the facilities.
2. Coordination of operations with The St. Lawrence Seaway Authority.
3. Administer assessment and collection of tolls.
4. Establish toll rates.
5. Repay the costs of construction, operation and maintenance, and interest.
6. Annual Report to the President and the Congress of its activities.

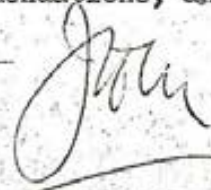
IV. The Potential Role of the Seaway in DOT

as Representative of Water Transportation Operator

- a. Encourage the greater utilization of the Seaway -- both domestic and overseas.
- b. Development of waterborne traffic and related Great Lakes port facilities.
- c. Represent DOT in abatement of water pollution in Seaway area, and related coordination with SLISA.
- d. Serve as DOT representative in Great Lakes -- St. Lawrence area for Seaway and related navigational matters.
- e. Pilotage administration.
- f. Intervention in I.C.C. Proceedings.

V. Recommendation to Establish a Study Group, Composed of Representatives from DOT, SLS, and Possibly BOB.

This Study Group should begin their review as soon as possible and consider all of the foregoing matters, make recommendations, and plan to complete the study and report by July 1, 1968.

A handwritten signature in cursive script, possibly reading "John", is written over the end of the paragraph. It is written in dark ink and has a long horizontal stroke extending to the right.



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

(4)

May 15, 1968

MEMORANDUM FOR M. Cecil Mackey
Assistant Secretary for Policy Development

SUBJECT: St. Lawrence Seaway Task Force

As you know, there will be no action on the Seaway rehabilitation legislation this session. This may well lead to action in the new Congress in support of some form of package proposal considerably broader in scope. This could (1) deal with all of the ramifications of the Seaway Corporation's financial situation or (2) be much broader and deal with additional considerations, including* pilotage, twinning, joint activities with Canada, extending the navigation season (including ice problems), a greater degree of direct involvement with the Great Lakes economy, and possibly overseas considerations -- in effect, the Seaway in its total regional context.

We should be prepared.

I want you to take the leadership in organizing and chairing a task force to prepare a comprehensive report on the present and future status and role of the Seaway. I expect you to work closely with Joe McCann. You should also call upon the services of TPA, TAD, TGC, TIA and the Coast Guard, as appropriate. Your considerations should include, but need not be limited to those areas set forth above. They should also include such recommendations, both administrative and legislative, as are appropriate. The Seaway Administrator's recent draft paper on the Seaway's finances should be reviewed as part of your efforts.

I will expect that those assigned will devote a significant amount of time to the work involved.

By June 1, I would like an indication of your anticipated completion date for this project.


Alan S. Boyd

ASB
5/15

MAY 27 1969

St. Lawrence Seaway

Assistant Secretary for Policy Development

The Secretary

Pursuant to your memorandum of May 15, I met with the task force of all the various offices on the future of the St. Lawrence Seaway today. It was largely an organizational meeting with identification of four separate tasks to be performed under the leadership of separate offices within OST -- the Seaway participating in each effort but not chairing any specific group. These groups will look into:

1. Organizational and administrative problems of the Seaway -- chaired by TAD.
2. Technical aspects of Seaway operation such as extension of the season -- chaired by Coast Guard.
3. International problems; specifically, U.S.-Canadian relations on Seaway matters -- chaired by TIA.
4. A contract study of the economics of the Great Lakes Region with particular emphasis on transportation factors related to the Seaway -- TPD will take charge of this project and serve as contracting office.

Fred Burke and Dick Miller were to work on a press release announcing the establishment of the task force so that knowledge of it could serve as a basis for responses to interested parties on the Hill and the Great Lakes Region.

We should have a more complete work statement and a possible outline for the entire project, together with a target completion date, within the next two weeks. My best guess at this point is that our completion date would be somewhere around December 1.

M. Cecil Mackey

MCMackey:arb

M. Cecil Mackey

cc: Exec Sec Mr. Agger
Mr. Ross Mr. Dean
Adm. Smith TPD Office Heads
File Chron

UNITED STATES GOVERNMENT

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

Memorandum

DATE: June 10, 1968

SUBJECT: Work Plan for the Internal Management Subgroup,
St. Lawrence Seaway Task Force (TPD-1 Memo 5/29/68)

In reply
refer to:

FROM : Assistant Secretary for Administration

TO : Assistant Secretary for Policy Development

1. Membership. The designated chairman of the Management Subgroup is the Director of Management Systems, John L. McGruder. The SLSDC, U. S. Coast Guard and TGC should be the other active participants though inputs from TPA on the promotional function and other elements of the TAD staff would be sought.
2. Reconnaissance. The first step of this Subgroup should be a 30 day reconnaissance to define the parameters for the indepth study; identify the problem areas and interests outside of DOT (including Canada); describe areas which may require consultant expertise; review earlier reports (Admiral Harlee) and the July, 1968 Canadian study; and develop a definitive work plan. The development of a definitive work plan without first obtaining an overall knowledge of the complex issues involved and an identification of the major problems would be presumptuous at this time.
3. Concepts and Issues. Although not conclusive, the following are major issues which may be considered:
 - a. The management ramifications of considering the "Seaway" as a part of a total transportation system from the Atlantic to Chicago and Duluth:
 - (1) Role and relationship of U. S. Army Corps of Engineers to the Seaway management in maintaining channels for ocean-going vessels throughout the Great Lakes and the operation of Soo (Sault Ste. Marie) Locks as part of this total system.
 - (2) Role and relationship of the U. S. Coast Guard to Seaway management in providing navigation aids along the entire deep water channel, and providing ice breaker service to Seaway clientele.
 - (3) Relationship of Great Lakes regional, state, municipal and port authority activities to Seaway management.

- (4) Relationship of pilotage problems, particularly pay and union organizational jurisdiction, to Seaway management.
- (5) Impact of the increase in the number of pleasure craft on the operation of the Seaway.
- (6) Review of public and Congressional hearings for identification of Seaway associated problems.
- (7) Relationship of the Maritime Administration in its responsibility for port development.
- (8) Identification of legal parameters in which management must operate.
- (9) In cooperation with the International Subgroup of this Task Force, the possibility of some kind of formal joint (U.S./Canada) operation of the Seaway. The greater burden of this project to the Canadians in terms of their Gross National Product compared to the U.S. may point toward consideration of private sector investment and participation in the management of a semi-public international joint venture or authority.
- (10) In cooperation with the Economics Subgroup, the relationship of user charges to increasing total tonnage flow through the system. The Canadians base their tolls on use of the locks (lockage fee) rather than the U. S. practice of basing tolls on tonnage.
- (11) In cooperation with the Technical Subgroup, the possible need for creating a Research and Development program to improve operational techniques which will assist management in expediting vessels through the Seaway and extend the shipping season through better lock design.



Alan L. Dean

Urban Mass Transportation

Location of the Urban Mass Transit Administration

The decision of the Congress to defer action on the location of the urban mass transit function left an item of unfinished business when the DOT Bill became law. Section 4(g) of the Act provided that the Secretary and the Secretary of the Department of Housing and Urban Development should study the problem and submit a report to the President within one year after the effective date of the Act "on the logical and efficient organization and location of urban mass transportation functions in the Executive Branch".

Within the Trimble Task Force, the Subcommittee on Organization and Management considered the problem of the Department's role in urban transportation. Mr. Zwick drafted and later revised an issue paper to represent the decisions made during a meeting of Secretary Connor, Mr. Schultze and Mr. Califano. That group decided that ultimately the DOT should be responsible for the following activities relating to urban transportation:

1. Technical criteria for government investment in urban transportation facilities.
2. Research and development on urban transportation facilities and equipment.
3. Planning and engineering of specific systems
4. Urban transportation demonstration facilities
5. Financing the development or improvement of urban transportation systems.

Similarly the group concluded that HUD should be responsible for the following activities:

A26

1. Overall general planning criteria for government investment in urban facilities.
2. Studies of the inter-relationships between various patterns of urban development and transportation requirements.
3. Certification of the adequacy of urban development plans, including plans for all forms of transportation.
4. Demonstrations useful in preparation of plans and in planning decisions.

Since it was obvious that the interrelations between the responsibilities of the two Departments would necessarily be very close if efficiency were to be achieved, the paper recommended the joint study over a period of one year by the Secretaries of Transportation and Housing and Urban Development to make recommendations to the President who would then reassign functions as required.¹

Soon after the Department had begun its operations on April 1, 1967, the Secretary met with Secretary Weaver of the Department of Housing and Urban Development to begin an inter-agency dialogue to determine the appropriate location for this important function. In a letter of April 14, 1967, Mr. Boyd reported to Budget Bureau Director Schultze that he and Mr. Weaver had decided to appoint representatives to work out an approach to the solution of the problem.

The HUD representative was the Honorable Charles M. Haar, Assistant Secretary for Metropolitan Development; the representative of the Department of Transportation was Mr. Gordon Murray, Special Assistant to the Secretary for Special Projects. The latter together with Dr. Mahlon Straszheim, a consultant, had prepared the background information for the Secretary, and served as the senior expert on the study throughout the

negotiation. Mr. Murray's approach to the problem of location was a functional one, not founded upon any presuppositions about the Department's organization.

By June 6 the two Departments had agreed upon a set of guidelines for the study of the problem. Essential points of the guidelines included the following:

1. It would be necessary to devise an urban mass transit system that would be compatible in all aspects with the national system being designed. It would be unwise to allow one to distort the other.
2. The objectives to be sought in the transportation policies for cities included safe, efficient, and convenient transportation for all, conservation of the nation's resources, and preservation of natural beauty and historic sites.
3. Both urban and national transportation systems should be compatible with and contribute to the development and redevelopment of urban communities.

During the ensuing weeks, numerous meetings between the representatives of the two Secretaries produced no substantial amount of agreement upon the proper location and distribution of the functions of urban transport.

On August 28 the officers of the Department completed a set of recommendations for the reorganization of the urban mass transit functions that they submitted to Mr. Boyd. Briefly stated, these were:

1. The new assignment should emphasize the role of the Department of Housing and Urban Development as the general Federal coordinating agency for all Federally assisted functions operating in urban areas.

2. It should strengthen the responsibility of the Department of Housing and Urban Development for Federal assistance for comprehensive community planning.

3. It should also recognize the DOT as the sole Federal Agency providing technical and financial assistance for a) system and project planning, b) research and development, and c) capital financing of transportation facilities and services in urban areas.

Arguments for these recommendations were based upon 1) the improved administration of Federal transport programs that could be provided by the Department since it employed the systems approach to transport problems, and (2) the reciprocal contributions that could be made by urban and national transportation programs to the achievement of comprehensively planned urban development.²

On the same day, Presidential Assistant Califano addressed a memorandum to the Secretary requesting that the Department attempt to expedite the completion of its agreement

with Housing and Urban Development. The Bureau of the Budget later sent a similar request.

By September 19, the two Departments were ready for a high-level discussion of the problem. On that date Secretaries Weaver and Boyd and their assistants held a long but inconclusive discussion. The most significant fact that emerged from that meeting was that HUD depended heavily on its transportation grants to urban entities to encourage the local entities to conduct the kinds of social planning desired by the Department of Housing and Urban Development. There seemed to be no substitute mechanism available to HUD.

Negotiations were continued between the two Departments at many levels, but always without success. On October 20, Secretary Alan S. Boyd precipitated the issue by sending to the Bureau of the Budget a flat recommendation that the entire urban mass transit function be transferred to the Department of Transportation. While he specifically did not recommend that additional functions be transferred to the DOT at the same time, he noted that at some later date other administrative segments should be added to the DOT, including the Merchant Marine, cargo preference functions, and perhaps the Environmental Science Services Administrations.³

Both Departments subsequently prepared memoranda for Mr. Califano describing the reasons for their inability to agree on the problem of location. Essentially, said the DOT memorandum, the argument boils down to the difference between the basic responsibilities of the two Departments. Thus Housing & Urban Development saw urban mass transit as one of many problems and developments in cities for which it had responsibility. The Department of Transportation, on the other hand, regarded urban mass transportation as linked to other national and urban transportation problems that were the responsibility of that Department. DOT believed that the function of transportation should serve the social, economic, and environmental goals of many Government programs without dominating these goals. To DOT it seemed inevitable that the logical, efficient, and economical administration of Federal programs in urban mass transit would require that those programs be administered by the same agency that was responsible for other transportation programs. This was especially true because that agency had systems analytical capacity, research capability, and general expertise in transportation that would be essential to administering these programs.

In his memorandum, Mr. Boyd indicated that if the urban mass transit function were transferred, the Department would alter its administrative structure to provide that mass transit would function as a separate, independent entity in the Department.

Assistant Secretary Alan Dean then undertook a study to plan for the re-organization just indicated.

In his report of December 26, 1967, he said that any organization for urban mass transit must be designed to accomplish these objectives:

1. Arrangements would have to be consistent with the management system of the Department to facilitate a smooth transition.
2. Arrangements must be reassuring to urban leaders who would be affected by the programs arranged.
3. Arrangements should facilitate coordination of the mass transit program with other transportation interests of the Department.
4. Arrangements should be sufficiently flexible to allow for future adjustments.

The functions authorized by law to foster mass transit included Federal financial assistance for most phases of transit programs, performance of research, development, and demonstration, making of grants for similar programs of research and design to state and local public bodies, grants to local authorities for fellowships and training of personnel engaged in urban mass transit, and grants to public and non-profit institutions of higher learning to assist in comprehensive research in problems of urban transit.

When their opinions were solicited concerning the appropriate organizational changes to incorporate the mass transit function into the Department, senior officers of the Department suggested essentially only two alternative organizational arrangements: 1) to assign responsibility to an official in the Office of the Secretary, e.g. an Assistant Secretary or the Deputy Under Secretary; or 2) to establish an urban mass transit administration.

Alternatives that envisaged placing the functions within an existing organization were rejected in accordance with an agreement the Secretary reached with the President, the Bureau of the Budget, and Secretary Weaver that the program would be administered by an organizationally independent unit.

Mr. Dean therefore recommended the creation of an Urban Mass Transportation Administration, to have the same status in the Department as the other Administrations.⁴

On January 2, 1968 Mr. Boyd had a further discussion with Under Secretary Robert C. Wood of the Housing and Urban Development Department who had prepared a memorandum of "basic points for a proposed new HUD/DOT relationship". Mr. Boyd agreed in principle with the provisions of the memorandum, major features of which were as follows:

1. Urban transportation to be planned as a system and in relationship to other systems such as water and waste disposal that determine orderly growth and development of an urban area.
2. HUD should assume the responsibility of setting standards and guidelines and reviewing the planning and work programs of State Highway Departments that affect cities.
3. The Department of Housing and Urban Development would have a review function requiring the concurrence of the Secretary of HUD for transportation grants or loans that would affect an urban area. This provision relates to such programs as the Philadelphia Expressway or the D. C. freeway system, but does not include matters such as a small grant to a city to purchase buses.
4. Research, demonstration, and development would be the responsibility of DOT, but the impact on cities of such proposals should be the concern of HUD.
5. The two Secretaries recommended the formation of a Federal Council on Urban Transportation to be chaired by themselves alternatively for the purpose of providing advice on standards, priorities and criteria

for construction. Subcommittees on research and development, planning, airport location, noise abatement, urban design, joint facilities and other areas would be established. Problem solving in creative, cooperative ways would be the theme of the public announcement of the Council.

Mr. Boyd also noted that he expected some mention of the plan for transferring the urban mass transit function to be included in the President's State of the Union Message.

5

Even after the President had announced that he wished to transfer the Urban Mass Transit function to the Department of Transportation, problems of implementation remained. The officials of the two Departments held continuing discussions to resolve the problems. For example, they decided that, within the Executive Branch, leadership in urban matters generally--and specifically with respect to planning--must reside in HUD, although both Departments recognized the basic decision to shift urban mass transit functions.

Although there was agreement on the substance of the interagency shift, there was difference of opinion with respect to the manner in which the shift should be accomplished. HUD officers contended that the shift would best be accomplished by a detailed formal Reorganization Plan to be submitted to Congress. DOT officials, on the other hand, believed it better to rely on a Memorandum of Understanding between the two Secretaries to fix details of the transfer. While HUD would be reassured by having its continuing involvement in urban transportation matters fixed by law, DOT contended that the Memorandum of Understanding could cover that point and others involved in the other modal programs in a flexible manner without trying to spell out in advance all the

difficult adjustments that would be required by the transfer. Mr. Dean stated in a memorandum to the Secretary that many of the problems could be taken care of by better utilization of already extant authority, particularly in the Model Cities Act. He also believed that the problem of funding could not easily be solved by any splitting of responsibilities. He preferred to utilize the authority in the Economy Act by which DOT could contract with HUD for services rather than try to divide statutory authority. The area of transportation systems planning still represented a series of unresolved questions.⁶

A discussion between Secretaries Weaver and Boyd resolved most of the issues; they decided that there would be less risk of Congressional opposition if they prepared a Presidential message to Congress that did not mention highway planning, but would refer to transportation planning and would contain language guaranteeing that HUD would lead in assisting and guiding local communities. Because Secretary Weaver considered it essential to reserve to HUD authority to perform certain technical studies relating to the external impact of transportation systems, Secretary Boyd agreed that the reorganization plan should incorporate a split in authority between the two Departments. A Presidential message would spell out the Administration determination to make planning more responsive to general community development objectives, with the responsibilities divided as indicated.⁷

A joint issue paper was accordingly prepared by February 2 to record the agreements and serve as a basis for future work on the Reorganization Plan, the Presidential Message, and the Memorandum of Agreement between the two Departments. According to Mr. Dean's memorandum of February 3 to the Secretary, the Bureau of the Budget would proceed to draft the Reorganization Plan which would contain a reservation of authority to the HUD Secretary of certain technical studies and research as specified in the UMT Act. He also noted that the Presidential Message was essential to the reorganization plan since it had to include certain findings mandatory under the Reorganization Act.

The issue paper contained both substantive recommendations and implementation plans for a number of issues, including: financial assistance authority, the planning base for UMT assistance, the planning base for highway assistance, the arrangements for project approval for both urban mass transit and highway projects, technical studies, highway planning assistance programs for metropolitan areas, research and development, and relocation plans for urban mass transportation.⁸

The results of these preliminary planning activities were summarized in a Report to the President on Urban Transportation Organization prepared jointly by the Department of Housing and Urban Development and the Department of Transportation; it was dated February 8, 1968. The report laid out in some detail the reasoning that had been followed in preparing the reorganization plan that was submitted to the President and in the message that was prepared by which he would submit the plan

to Congress. Full implementation of the agreement between the two Departments was expected to come only gradually by a series of executive agreements. The report summarized the effects that the Plan was designed to accomplish:

1. The powers and programs vested in the Department of Housing and Urban Development will adequately support the major urban development coordinating function assigned to that Department. The removal of the operating function relating to urban mass transit will reduce the Secretary's span of control and enable him to concentrate on his enhanced coordinating responsibility.

2. The recommendations will enhance the effectiveness of Federal programs in aid of urban transportation in all modes.

3. Recommended changes will integrate all technical and financial assistance available from the Federal Government to all forms of transport in one agency. Improved coordination will enhance effectiveness.

4. Matching of urban transportation plans with comprehensive development plans will increase the constructive contribution of urban transportation to the achievement of community goals and objectives.⁹

At the same time the group of officers of the two agencies who had prepared the paper just discussed had also prepared a draft of a reorganization plan and an accompanying Presidential message. The President accepted the recommendations and transmitted both the plan and the message to Congress on February 26.

The message accompanying the Plan emphasized the desirability of having a single Federal agency to which officials of urban areas could apply for assistance with their transportation problems. The President said that an urban transportation system must: 1) "combine a basic system of efficient, responsive mass transit with all other forms and systems of urban, regional and intercity transportation", and 2) "conform to and support balanced urban development". Basically the effect of the reorganization would be to transfer to and unify in a new Urban Mass Transportation Administration within the DOT all those functions that involve urban mass transit project assistance and related research and development activities. He would expect the DOT to provide "leadership in comprehensive planning at the local level that includes transportation planning and relates it to broader urban development objectives".

The President said he had found after investigation that each reorganization included in the Plan was necessary to accomplish one or more purposes set forth in Title 5 of the U. S. Code. He therefore urged the Congress to allow the Reorganization Plan to become effective.¹⁰

Reorganization Plan No. 2 of 1968 transferred to the Secretary of Transportation the functions of the Secretary and the Department of Housing and Urban Development under the Urban Mass Transit Act of 1964 with certain exceptions. The exceptions related primarily to the authority of the Secretary of HUD to make grants or undertake projects to relate urban transportation systems to comprehensively planned development of urban areas. The Secretary of Transportation was given authority in turn

to redelegate the functions allocated to him in the Reorganization Plan. The Plan also established in the Department the Urban Mass Transportation Administration with an Administrator to be compensated at Executive Level II. The President was authorized to transfer to DOT such personnel, records and assets of the Department of Housing and Urban Development as related to the work of the Urban Mass Transportation Administration. The effective date of the transfer was stated as June 30. Required changes were made in the Department Regulations to delegate the Secretary's functions in Urban Mass Transportation to the Administrator of that element in the Department.

Although the Urban Mass Transit Administration had not yet become a part of the Department the Secretary talked about the problem in his appearance before the Congressional Committees that were considering the Department Budget for FY 1969, and made statements concerning the planning that had been undertaken for absorbing the urban mass transit function in the Department. Mr. Boyd said that the Administration's approach to urban transportation problems had been based upon three assumptions: 1) that any form of transportation in cities must be regarded as an interrelated part of the total urban transport pattern; 2) that urban transport must be looked at as part of the total city and society that it is designed to serve, in terms of the environment in which it operates and in terms of citizens whose lives it is capable of disrupting as well as enhancing; and 3) that the cities themselves must determine the transportation facilities that they need and want.

The Secretary mentioned the urban design concept teams that resolve conflicts by bringing community representatives into the planning process

at an early stage. Other efforts to assist local communities include the "Topics" program of the Federal Highway Administration that is designed to increase the carrying capacity of the existing highways, a program to help build turnouts for buses, loading and unloading facilities and others.¹¹

Since neither House of Congress raised an objection to the Reorganization Plan before the effective date contained in it, the Urban Mass Transit Administration became an element of the Department of Transportation on July 1, 1968.¹²

To implement the Reorganization Plan the Secretary designated the newly confirmed Under Secretary John M. Robson to act as Administrator for the new Administration, and established the status of the Administration in DOT Order 1100.

Congressional Concern

On May 16, 1968 Senator Jacob Javits indicated that he had been concerned about the implementation of the provision in Reorganization Plan 2 that certain powers would be reserved to the Department of Housing and Urban Development to allow it to take an active role in approving those transportation projects which have a relationship to overall urban development and had expressed his concern in a letter to the two Secretaries. Secretaries Boyd and Weaver responded in a joint

letter of May 6, 1968 that the machinery for achieving the coordination would be spelled out in interagency agreements to be arrived at with the assistance of the Executive Office of the President. Several provisions of the agreement were already clearly defined. They included the following:

1. Criteria for urban transportation system planning to be developed by DOT and HUD jointly, though the responsibility for assisting in the development of area-wide comprehensive planning (including transportation planning) is assigned to HUD;

2. HUD will advise DOT whether there is a program for unified urban transportation system as part of the comprehensively planned development of an area for which a highway project or other Federally assisted project is proposed;

3. DOT has responsibility for determining whether individual projects are needed to carry out a unified transportation system as part of the comprehensively planned development of an urban area;

4. DOT will utilize HUD in reviewing the annual work programs developed by State highway agencies. Both agencies will cooperate in developing the standards and guidelines for the reviews;

5. The two Departments will jointly develop the criteria for Federally assisted urban transportation system planning;

6. DOT will obtain HUD concurrence in the criteria for relocation planning made necessary by transportation development.

Discharging these functions will require upgrading of HUD's planning staff; the upgrading will be supported by DOT.¹³

Senate Appropriation Committee Hearing. Since the transfer of the Urban Mass Transit function had not been decided upon at the time of the Department's budget hearings, an additional hearing was conducted by the Transportation Subcommittee of the Committee on Appropriations of the Senate on July 15, 1968. Secretary Boyd appeared as a witness to request allocation of funds to the Department to cover the mass transit activities. He described the major activities of the Urban Mass Transit Administration as the following: to assist in the development of mass transit facilities, techniques, and methods with the cooperation of both public authorities and private companies; to encourage planning and establishment of urban mass transit systems needed for desirable urban development; and to provide financial assistance to State and local governments that desire to construct or operate mass transit systems. The expenditures of the Administration, according to the Secretary, consist mostly of allocations for capital grants, demonstration projects and research. ¹⁴

New Administration. On August 5, 1968 the President announced his intention to nominate as Administrator of the Urban Mass Transportation Administration Mr. Paul L. Sitton, the Deputy Under Secretary of the Department of Transportation. ¹⁵

Urban Mass Transit in the Department

The transfer of the Urban Mass Transit function to the Department of Transportation immediately posed numerous problems for the Secretary and his staff in the Department. Since that function had been conducted by a relatively small group of officers within the Department of Housing and Urban Development who relied on the headquarters staff of HUD for many support functions, the same support services had to be supplied by the new Department.

Planning within the Department

Almost the first consideration had to be the problem of financing for mass transit efforts. By July 8, Assistant Secretary Mackey had available a proposal that projected investment and revenue possibilities for mass transit. He calculated a total investment in mass transit of \$15 billion during the first ten years of operation, and considered several methods for generating the required funds, including raising fares, capturing some of the increases in land values that result from introducing rapid transit to a given area, local bond issues, sharing the gasoline tax, and an annual contribution system. Alternatively, total investment could be reduced by employing some bus systems with funded by the Highway Trust Fund.

In addition to planning for the financial solvency of urban mass transit, it was necessary to develop simultaneously a set of objectives, program goals, and criteria for the mass transit program. Several analysts made attempts to phrase such a set of goals. One such analysis began with a discussion of relevant basic objectives of the Department, e.g., economic efficiency, optimal use of resources, safety in transportation, and support of other national interests. It then outlined some of the program goals and priorities that might flow from the broad objectives, including close integration of mass transit programs with other urban transportation goals of the Department, increasing long-term viability of the systems, making more efficient use of the land required for transit facilities, improving the local planning incidental to the provision of transportation, and stressing high quality of service, since the quality of service actually determines the amount of usage of the facility. Certain other desirable advantages could be derived from an appropriately planned transit program such as improvement of the aesthetic environment, pollution control, improvement of safety, assisting the urban poor, the aged and the handicapped, and to some extent, provision of deterrents to crime. The paper then discussed a series of criteria for determining the degree to which any proposed program would meet the Department's long-range objectives and program goals.¹⁷

A somewhat later paper prepared by Mr. Gordon Murray covered much the same ground but stressed interim goals for urban mass transit for the period.

during which the Department was developing its long-range plans. These included: fostering of comprehensive urban planning by insisting on the planning as a condition for mass transit aid, financing technical assistance to permit the development of such plans, and fostering projects that will fit together in an overall research and development program to improve urban transportation in general.

It appeared from preliminary analysis that the urban transit grants made in the past had not been made according to the suggested criteria, but had often been made as capital grants to support marginal operations, or to support demonstration programs in ghettos, or for other purposes; too few had been made to training programs to permit generalizations. For that reason Mr. Murray suggested that criteria be developed for making grants. The most important of these would be the existence of an approved comprehensive plan to be implemented by the municipality seeking the grant.

Specifically with respect to the operation of the mass transit administration in the Department, administrative steps would be necessary, including preparation of a 1970 budget and preparation of organization and staffing plans for both Washington and regional offices. A more complete delineation of responsibilities between HUD and the Department would be immediately necessary. Administrative arrangements for both the Department and the Administration would have to be perfected. Perhaps most fundamental was the need to develop a rationale for Congress and the public concerning appropriateness of Federal participation in urban mass transit activities. Extensive suggestions were outlined for a research and development program for urban mass transit, and also for the 1969 legislative

program for urban mass transit.¹⁸

The DOT-HUD Memorandum of Agreement

On July 30 Secretary Weaver of HUD wrote to Secretary Boyd suggesting the conclusion of the arrangements needed to implement the agreement in their joint letter of May 16 to Senator Javits, discussed above.¹⁹

That action had been anticipated by the Under Secretary when on July 22 he had appointed a working group on the HUD-DOT Agreement on Mass Transit. This group, under the leadership of Deputy Assistant Secretary Richard J. Barber, concluded that the attempt by HUD to deal only with highway matters in its draft of the proposed agreement was acceptable, since the agreement had been reached after extensive discussions dealing with both highway and mass transit problems. The working group therefore proposed another agreement that would settle the entire range of matters relating to the common interests of the two Departments. That proposed agreement provided for a transfer from the DOT to HUD a sum of \$300,000 for services to be performed by HUD. Since the provisions of the Federal-aid Highway Act of 1968 would prohibit use of Trust Fund monies for other than Highway-related work, there was some question in the Department concerning the availability of funds to meet the obligation in that agreement.²⁰

On August 20, 1968 Acting Secretary Robson forwarded to Secretary Weaver a proposed memorandum of agreement that took into account all of the areas in which the two Departments needed to have cooperative effort.²¹

Secretary Weaver returned the signed agreement on September 9.²²

The propose of the agreement was to promote the effectiveness of programs for which the two departments were jointly responsible or in which both had an interest. They agreed to be mutually helpful in providing assistance

in planning of transportation systems so as to promote the sound development of urban areas, in encouraging State and local planning agencies to work more closely together, in solving urban problems that arise from the construction of transportation systems, and in exchanging information and insuring coordination at all levels. Both departments undertook to consider probable impact of the programs of one department upon those of the other, to develop working relationships among agencies planning at all levels, and to assure expeditious handling of requests for assistance at all levels. The two departments agreed to establish "formal and continuing procedures" for cooperating in mutually interesting aspects of urban transport planning, including the providing of the certifications required by law as to the adequacy of various urban plans or programs, e.g., the determination whether there is or is being developed a unified or official coordinated urban transport system as required by Sections 3, 4, and 5 of the Urban Mass Transportation Act. DOT will obtain HUD comments and recommendations on projects that would have an impact inconsistent with the comprehensively planned development of an area, or projects that would have an important impact on the development of an urban area. To ensure adequate notice to HUD of highway projects, DOT will ask State highway departments to supply written notice of all public hearings to the appropriate HUD regional office. The agreement provides for machinery to assure timely notice and consideration of all projects by both agencies. The DOT will confine its primary interest to the development of urban transport systems, and HUD's primary interest will lie in the assessment of the relationships between transportation and comprehensive urban development.

DOT agreed that during Fiscal Year 1969 it would pay HUD for the services to be performed under the agreement a sum not to exceed \$300,000; provisions

was also made for payments for service performed by DOT on behalf of HUD.

The agreement will continue in force until cancelled by mutual agreement or by either party with 90 days notice.²³

Administrative Implementation

Once the agreement between the Department of Transportation and the Department of Housing and Urban Development was signed, the Department could turn to its own machinery for administration of its responsibilities under the agreement.

On the day of the agreement, September 13, 1968, the Secretary established the Urban Transportation Coordination Group within the Department. To assure high-level coordination, the Group would be chaired by the Under Secretary. The purposes of the group were stated as follows:

1. To insure inter-Administration and Departmental coordination on important urban projects and in research activities.
2. To coordinate the Department's role in comprehensive urban transport studies, e.g., those in Denver and San Francisco.
3. To provide a focal point for contact with other Federal agencies on urban matters.
4. To act as the point of contact between the Department and those not in Government in matters of urban transportation.

To establish the Group, each Assistant Secretary, the General Counsel and each of the Administrators was asked to designate a member to serve as liaison between his agency and the other participating groups to achieve coordination and consensus. Controversial issues are to be referred to the Under Secretary for resolution. Personnel assigned to the Group are to be senior enough so that they may represent their agencies but are instructed not to become totally immersed in the work of the Group but to continue to maintain their active roles in their respective agencies. The Group is to obtain staff support from the constituent agencies on a rotational basis.

Mass Transit Program Development

When the Urban Mass Transit Administration was transferred to the Department of Transportation, its programs had been developed and operating for some time. The Department of Transportation elected to continue the inherited programs until it could make an independent evaluation of its capabilities to assist the cities in meeting their transportation needs. Its analysis emphasized the fact that the continuing decline of public transportation systems was attributable, at least in some measure, to inequitable promotion, taxation, and regulation of transportation that favored the development of highways, and private as contrasted with public transportation resources. The Department concluded that its short run objectives should be: 1) to preserve existing transportation capacity by fostering improvements in it and 2) to help provide minimum public transportation for those who did not have it. These objectives were designed to use transportation as a tool to assist with the development of urban areas, not merely to further transportation as a goal in itself.²⁵

Looking toward fiscal year 1970 the Department prepared a program budget for submission to the Bureau of the Budget. One of the five categories in the Department's program structure was Urban Transportation. The substance of the "urban transportation" category indicates the direction of the re-orientation of urban mass transit effort in the Department of Transportation. The objectives of the program are defined as:

- "1. Increasing economic efficiency through transportation;
2. Increasing safety in transportation;

3. Increasing the benefits derived from the preservation and enhancement of aesthetic, environmental and social values;
4. Supporting other national objectives where the Department can do so effectively and efficiently."

Examining the Department's programs as a whole, its major contributions to the solution of urban problems will be made through programs of the Federal Highway Administration and the Mass Transportation programs, authorizations for which had already been made in the Urban Mass Transportation Act of 1964 through 1970. In addition to those already authorized programs, however, the Secretary pinpointed a series of "major program issues" which still require attention. Briefly stated, the issues and recommended programs included:

1. Programs to reduce peak hour congestion, especially in high traffic density corridors. A demonstration program with a higher percentage of Federal cost sharing was suggested for ten selected cities.
2. Programs to improve "ghetto area" transportation. No new program was suggested but greater emphasis on the solution of the program with present programs was urged.
3. Should programs include advanced acquisition of rights of way? A limited program of advanced procurement of rights of way to cost 10 million dollars per year was suggested.
4. Should improvements be made in the newly authorized fringe area parking program? No change in the program was suggested, but a major effort to implement the existing provisions was indicated.
5. Steps to improve and make more representative the metropolitan transportation planning process. An evaluation of the planning process by a study within the Federal Highway Administration was suggested.
6. Should more use be made of interdisciplinary teams and similar devices? More use of such teams was recommended, to be accompanied by research to establish implications of them. ²⁶

Cost of the recommended programs for 1970 was put at \$2,384,000,000 in new obligational authority, including \$2,160,000,000 from the Highway Trust Fund.

A further effort of the new mass transit organization was a re-structuring of the grants program to universities for research and training to emphasize applied research to concrete problems rather than theoretical or pure research.

A new aspect of the urban mass transit programs attributable to the Department of Transportation is its emphasis on community involvement in both development planning and demonstration phases of the projects. The Secretary and his colleagues, in this as in other aspects of the Department's programs, consciously recognized the fact that successful completion of the proposed new transportation programs would require workers to develop many new skills, and perhaps to abandon old ones, so that cooperation of labor organizations would be essential. Similarly the requirements for capital investment for the new programs would be so great that all investment sources, businesses, and municipal governments would have to be induced to become involved in and committed to the projects in order to assure their active and interested cooperation in the implementation of the programs evolved. Reasoning of the senior officials was that mere demonstration programs, managed entirely by the Federal Government, would be sterile if the whole community were not involved in the effort from the initiation of each major project.

FOOTNOTES

1. Cecil Mackey to Alan Boyd, memorandum with attachments, January 28, 1966.
2. "Reorganization of Urban Transportation Functions," work paper, August 28, 1967.
3. Alan Boyd to Charles Schultze, letter, October 20, 1967.
4. Alan L. Dean to Alan Boyd, memorandum with attachment, December 26, 1967.
5. Alan Boyd, memorandum of conversation with enclosures, January 2, 1968.
6. Assistant Secretary for Administration to the Secretary, memorandum, January 24, 1968.
7. "Memorandum of Meeting between Secretaries Weaver and Boyd, Under Secretary Wood and Deputy Under Secretary Sitton," January 25, 1968.
8. Alan L. Dean to Alan Boyd, memorandum with attachment, February 3, 1968.
9. Department of Housing and Urban Development and Department of Transportation, Report to the President on Urban Transportation Organization," February 8, 1968.
10. White House news release, February 26, 1968.
11. Department of Transportation Appropriations for 1969, "Hearings before a Subcommittee of the Committee on Appropriations, House of Representatives, Ninetieth Congress, Second Session," U. S. Government Printing Office, Washington, 1968, p. 1027.
12. "Reorganization Plan No. 2, 1968, for Transportation," House of Representatives, 90th Congress, 2nd Session, Document No. 262, February 26, 1968.
13. Congressional Record, May 16, 1968, p. S5706-S5707.
14. Department of Transportation Appropriations for Fiscal Year 1969, "Hearings before the Subcommittee of the Committee on Appropriations, United State Senate, Ninetieth Congress, Second Session," U. S. Government Printing Office, Washington, 1968.
15. White House news release, August 5, 1968.
16. Cecil Mackey to John Robson, Paul L. Sitton, and Langhorne Bond, memorandum with attachment, July 11, 1968.
17. "Urban Mass Transit -- Objectives, Program Goals and Criteria," work paper, July 10, 1968.

18. Gordon M. Murray to John Robson et. al., memorandum with attachment, July 24, 1968.
19. Robert C. Weaver to Alan Boyd, letter, July 30, 1968.
20. Richard J. Barber to John Robson, memorandum, August 14, 1968.
21. John Robson to Robert C. Weaver, letter with enclosure, August 30, 1968.
22. Robert C. Weaver to Alan Boyd, letter, September 9, 1968.
23. Robert C. Weaver and Alan Boyd, "Agreement between the Secretary of the Department of Housing and Urban Development and the Secretary of Transportation," September 9 and 10, 1968.
24. Alan Boyd to the Under Secretary et. al., memorandum, September 13, 1968.
25. "DOT/UMTA -- FY 1969 Draft Program Summary," no date.
26. Alan Boyd to C. J. Zwick, letter with enclosure, October 15, 1968.

OUT 20 1967

Honorable Charles L. Schultze
Director
Bureau of the Budget
Washington, D.C. 20503

Dear Charlie:

In response to your letter of August 15, 1967 concerning possible reorganizations to be included in the legislative program, I have only one recommendation and that is the transfer to the Secretary of Transportation the functions relating to the Urban Mass Transit Act of 1964. You are no doubt aware that a difference of opinion exists on this item. Statements of position by both Secretary Weaver and me have been available to you and I understand you have established a Task Force to seek the truth. Good luck.

There are other activities which I think in time should be considered for transfer into the Department. These include merchant marine affairs and activities such as cargo preference; a consideration of the most logical affiliation for ESSA or some of its activities; and aeronautical research.

We are having our full share of difficulties assimilating existing organizations and functions in the Department. For this reason, I do not recommend any change other than the one on urban mass transit. I would, of course, be happy to elaborate on my views in the other areas mentioned should you so desire. I am not anxious to do so.

Sincerely,

Alan S. Boyd

Alan S. Boyd

ETSpiekerman:dmj:TAD-20:10/10/67
Revised: ASBoyd:jap 10/20/67
cc: S-1, S-10, TADl, TAD-20

Mr. Boyd

January 23, 1966

M. Cecil Mackey
Cecil Mackey

Task Force on the Department of Transportation

Attached for your information is the latest revised edition of the work done by the Subcommittee on Organization and Management of the Department of Transportation. The work now being done by the Subcommittee is a crash effort to develop recommendations from those areas which will affect or be affected by the draft bill.

Present plans are to have a draft bill out of the parent committee and ready for circulation to the other agencies by Tuesday, February 1.

I am also attaching a copy of an issue paper on urban transportation. This is a revised version of the paper drafted by Charlie Zwick, representing his understanding of the decision reached at the meeting Wednesday night, January 26 with Secretary Connor, Charlie Schultze, and Joe Califano.

I am attaching an extra copy of the material for your transmittal to Secretary Connor.

Attachments

HC Mackey:arb

cc:

Mr. Boyd - 2
Mr. Bridwell
File
Chron

Crown
726

URBAN TRANSPORTATION: AN ISSUE PAPER

One of the most complex problems that must be resolved in establishing the Department of Transportation is the division of responsibility between DOT and HUD with regard to Urban Transportation.

Ultimately, DOT should be responsible for the following activities related to Urban Transportation:

- (1) Overall technical criteria for Government investments in urban transportation facilities.
- (2) R&D on Urban Transportation facilities and equipment.
- (3) Detailed planning and engineering of specific systems.
- (4) Urban Transportation demonstration activities.
- (5) Financing the development or improvement of urban transportation systems.

Ultimately, HUD should be responsible for the following activities related to Urban Transportation:

- (1) Overall general planning criteria for Government investment in urban facilities. In the case of transportation facilities, both public transit and urban highways should be under the purview of the department.

- (2) Studies of the inter-relationships between various patterns of urban development and transportation requirements, including development of planning methodology, techniques of system analysis and model building which relate transportation to overall community development.
- (3) Certification of the adequacy of urban development plans, including plans for all forms of urban transportation, as a basis for Federal financial assistance.
- (4) Demonstrations designed to provide information useful in the preparation of plans, and in making planning decisions, including decisions on transportation plans.

It is clear that these responsibilities are highly inter-related and must be carried out in close cooperation between the two Departments if governmental efficiency is to be obtained. Currently, HUD carries out activities in the public transit area which logically should be part of DOT. Similarly, the Bureau of Public Roads is responsible for general urban highway planning, which logically should be in HUD.

Because of the complexity of these interactions, it is proposed that only minimal changes in responsibilities between the two Departments will be undertaken initially. As soon as DOT is created and a Secretary of Transportation named, the heads of the two agencies should undertake joint staff analyses, with the objective of recommending to the President in more precise detail how these several functions should be allocated between the two Departments. A joint report of the two Secretaries, with recommendations, should be made to the President not later than one year after the enactment of the legislation establishing the Department of Transportation. The President should make any necessary reassignments of functions (under authority to be obtained in the legislation authorizing the establishment of the Department) not later than two years after enactment of the aforesaid legislation.

Any demonstration activities underway in HUD (at the time of the enactment of the legislation) relating to technological aspects of urban transportation should be transferred to DOT.

August 28, 1967

(2)

REORGANIZATION OF URBAN TRANSPORTATION FUNCTIONS

I. BASIC STUDY REQUIREMENTS AND PRINCIPLES

Section 4(g) of the Department of Transportation Act requires the Secretary of Housing and Urban Development and the Secretary of Transportation to study and make recommendations within one year on (a) how Federal policies and programs can assure that urban transportation systems most effectively serve both national transportation needs and the comprehensively planned development of urban areas, and (b) the logical and efficient organization and location of urban mass transportation functions in the executive branch.

In the light of the legislative history of Section 4(g), it is clear that the Congress places great importance on the resolution of issues relating to the location of urban mass transportation functions in the executive branch. The Department of Transportation concurs in this view and notes that the law speaks in terms of functions rather than in terms of existing programs or agency units.

The Department believes that the efficient and logical organization of urban mass transportation functions in the Federal Government can best be determined by reference to (a) general principles of Federal organization, (b) the relationship of transportation functions being carried on in urban areas to other urban functions, whether or not federally assisted, and (c) the efficiency and effectiveness of transactions between the Federal and other levels of government undertaken to carry out these functions.

The executive branch of the Federal Government is organized on a broad activity or functional basis and the Congress clearly reaffirmed this principle in establishing the Department of Transportation.

With respect to related functions, Section 4(g) of the Act explicitly states that urban transportation policies and programs are to be shaped to assure an effective contribution to "national transportation needs." The relationship is reciprocal: Transportation in the Nation as a whole, in major regions and between cities cannot be carried on effectively without heavy reliance on local urban transportation facilities; the effectiveness of urban transportation depends on the joint use of both inter- and intra-urban facilities.

Section 4(g) also requires that urban transportation policies and programs be shaped to contribute to comprehensively planned urban development. The successful development and redevelopment of urban areas will continue to depend in large part upon the efficient, coordinated flow of people and goods within and between our cities. They depend also on the successful performance of the functions vested in the Department of Housing and Urban Development and on other functions widely dispersed in the Federal Government. A major problem of coordination must be dealt with.

With respect to the relationships between the Federal and other levels of government, the law provides no explicit guidance, but at least one principle appears to be applicable, namely that (a) maximum initiative in choosing social goals and objectives, and (b) maximum powers of decision-making in planning and carrying our programs to

implement these goals and objectives should be reserved to the citizens of the areas affected.

Four alternative bases for organization have been recognized by American public administration experts:

- major purpose
- clientele
- work process
- territory

None of these has been defended as a "philosopher's stone", but general preference has been for organization by major purpose. This basic criterion, it is held, will assure unity of action and provide "a more completely rounded consideration of all aspects of a given problem or congeries of problems than is likely under any other form of organization." This same preference is found in all the landmark reports on government organization -- from President Roosevelt's Committee on Administrative Management (1937) through the two Hoover Commissions and President Johnson's Task Force on Government Organization in 1964.

Academic critics of the classical theory of public administration say that it lacks empirical evidence to support its generalizations, unrealistically separates political from administrative issues, and ignores the problems of human relations in administration. Nothing better illustrates the deficiencies of the classical theory of public organization than the practical problem of where to locate urban transportation programs. For that problem the dictum "organize by major purpose" is, at best, meaningless. At worst, it will produce only unproductive debate on a question that cannot be persuasively answered without much more

study: Is urban transportation more urban or more transportation?

The Two Departments

Both the Department of Transportation and the Department of Housing and Urban Development are organized according to major purpose, but their respective major purposes -- more effective, safer, and economical transportation; and sound development of communities and metropolitan areas -- overlap and, therefore, potentially conflict. Conflict between the concepts of the two departments can be resolved, however, and day-to-day operational conflicts substantially reduced, if the principle of departmentalizing by major purpose is redefined.

DHUD and DOT are not merely different departments with different purposes; they are different kinds of departments with different kinds of purposes.

The Department of Transportation

The concept of DOT is easily explained: DOT is a conventional "line" department with certain operating authorities and the responsibility for their coordination.

The Department of Housing and Urban Development

The administrative objective of improving the coordination of related activities is the same, but the means adopted to achieve that objective are quite different. If "major purpose" is defined as an ultimate social purpose, DHUD has a major purpose that is far too broad to encompass in a line department. In Section 2 of the DHUD Act (P.L. 89-174), the Congress declares:

"that the general welfare and security of the Nation and the health and living standards of our people require, as a matter of national purpose, sound development of the Nation's communities and metropolitan areas in which the vast majority of its people live and work."

A line department built around that purpose would become virtually a Department of Domestic Affairs. In order to avoid such a monster, a different kind of department, which can be called an "umbrella department", was created. The "canopy" of an umbrella department is coordinating responsibility for a broad area of governmental activities in furtherance of some social purpose like urban redevelopment. The "pole" of the umbrella is line responsibility (technical assistance, research, project review, capital funding) for part of the area to be coordinated -- enough operating authority to provide a firm base, not so much as to interfere with coordination or other agencies line responsibilities.

The primacy of DHUD's coordinating responsibility is indicated by recent Congressional and Presidential action. In order to carry out the national purpose of "sound development of the Nation's communities and metropolitan areas" the Congress found, in the DHUD act that "establishment of an executive department is desirable" for five reasons:

"--to achieve the best administration of the principal programs of the Federal Government which provide assistance for housing and the development of the Nation's communities;

"--to assist the President in achieving maximum coordination of the various Federal activities which have a major effect upon urban community, suburban, or metropolitan development;

"--to encourage the solution of problems of housing, urban development, and mass transportation through State, county, town, village, or other local and private action, including the promotion of interstate, regional, and metropolitan cooperation;

"--to encourage the maximum contributions that may be made by vigorous private homebuilding and mortgage lending industries to housing, urban development, and the national economy;

"--and to provide for full and appropriate consideration, at the national level, of the needs and interests of the Nation's communities and of the people who live and work in them."

Only the first of these reasons refers primarily to line activities. The remainder are concerned with DHUD's broad responsibilities for coordination and cooperation among Federal, State, local and private agencies.

In emphasizing the coordinating role of DHUD, the Congress went so far as to establish in the Department a "Director of Urban Program Coordination" to "assist the Secretary in carrying out his responsibilities to the President with respect to achieving maximum coordination of the programs of the various departments and agencies of the Government which have a major impact on community development."

Since the creation of DHUD, other events have enhanced the umbrella

7

character of that Department. The Model Cities Act, ^{1/} vested extensive coordinating authority in DHUD for activities which it does not itself administer and through the DHUD "convenor order", ^{2/} the President has explicitly reasserted the Secretary's coordinating responsibility for urban programs. Also, the President has assigned the Secretary of DHUD responsibility for the multi-agency "Neighborhood Centers" (or "Pilot Cities") program in 14 cities.

DHUD's principal tool of coordination, essentially the "ribs of the DHUD umbrella, is comprehensive planning for community development. Authorized primarily by Section 701 of the Housing Act, the plans sponsored by DHUD are a form of the "comprehensive development planning" defined by Bureau of the Budget Circular A-80 as follows:

"The process of (1) assessing the needs and resources of an area; (2) formulating goals, objectives, policies, and standards to guide its long-range physical, economic, and human resource development; and (3) preparing plans and programs therefor which (a) identify alternative courses of action and the spatial and functional relationships among the activities to be carried out thereunder, (b) specify the appropriate ordering in time of such activities; (c) take into account other relevant factors affecting the achievement of the desired development of the area, and (d) provide an overall framework and guide for the preparation of functional and project development plans."

It is important to emphasize that the comprehensive planning "ribs" of the DHUD umbrella are formed not by DHUD activity alone, but by complex intergovernmental processes. Comprehensive planning is initiated and conducted by State and local governments and by various official planning organizations. DHUD's role is to stimulate, advise,

^{1/} P.L. 89-754

^{2/} E.O. 11297, August 11, 1966

assist in financing, coordinate, review, and certify.

In order to formulate and carry out a total, multifunctional, community strategy, active participation and leadership by people who "know the territory", is essential. And these must be people who know the whole territory -- elected officials with communitywide responsibilities not merely officials with responsibilities for separate functional specialities, e.g., health, welfare, highways.

Eliciting this kind of local leadership and participation is not easy, because of the entrenched power of what have been called "functional autocracies" i.e., alliances between Federal, State, and local officials who share responsibility for particular governmental functions. It is the responsibility of the Secretary of DHUD to support and defend local officials with communitywide interests against those with more limited perspectives. Through his influence over the comprehensive planning process, he must assure that local elected officials, not technicians, decide what is to be done, and that the technicians concentrate on their proper role of determining how to do it. Thus the Secretary of DHUD, more than any other executive department head, bears the difficult responsibility of translating the President's doctrine of "creative federalism" into effective intergovernmental action. As the President's "agent of coordination" in urban development, he must also serve as the President's "Secretary of Intergovernmental Relations."

B. How Should the Responsibilities be Divided

If the foregoing analysis is reasonably correct, the following questions relating to the division of responsibilities between DOT and DHUD must now be answered:

1. Are the present line responsibilities of DHUD strong enough to support its coordinating responsibilities, not strong enough, or too strong?
2. Does the DHUD coordinating assignment itself need to be strengthened? If so, would it be desirable to transfer to DHUD certain DOT responsibilities which significantly influence the comprehensive planning process?
3. What would be the effect on DHUD's coordinating responsibilities if the urban mass transit programs were transferred to DOT?
4. Would the urban mass transit program as a transportation "line" responsibility be better administered in DOT than in DHUD? What sort of administrative reorganization would be required?
5. Would national transportation needs be more effectively served by the organizational changes being proposed?
6. Would comprehensively planned urban development be fostered by these changes?

The last two questions state the basic objectives laid down by the Congress in Section 4(g) of the DOT Act and must be answered if a satisfactory completion of the studies required by Section 4(g) of the DOT Act is to be achieved.

II. IDENTIFICATION AND ORGANIZATION OF URBAN TRANSPORTATION FUNCTIONS

An urban transportation program must begin with comprehensive urban planning -- the development and adoption of broad community goals and objectives toward the achievement of which all functions in the areas concerned are planned, installed, and operated and to which all project plans must conform. Urban transportation as one essential functional system in each urban area, must be consistent with these comprehensive plans. With respect to urban transportation (as with all transportation, whether privately or publicly sponsored, by whatever level or combinations of government) the Department of Transportation identifies the following basic functions:

- comprehensive planning
- system planning
- project planning
- research and development
- capital investment
- administration and operations

Each of these functions must be carried on to assure satisfactory transportation facilities and services, whether in urban areas, in regions or States or as an international activity. They must be performed whether the mode is railway, airway, or highway and whether the transportation is performed by private automobile or by public mass transit. It may be that other transportation functions will be identified when a detailed catalogue of activities presently carried on by DHUD and DOT has been prepared and analyzed.

As with any process whose functions are interdependent, the dividing lines between functions such as comprehensive urban planning, system planning and project planning are difficult to draw. The Department believes, nevertheless, that workable distinctions are of primary importance to the achievement of the congressional purposes for which the study has been undertaken. Indeed, the chronic failure to distinguish and separate these functions conceptually and organizationally is responsible for many present urban transportation problems and controversies. Upon these crucial distinctions must depend: (a) the major divisions of responsibility and the interrelationships between Federal agencies, between the Federal and local governments, and between the States and local communities, especially in metropolitan areas, and (b) the effectiveness with which each responsibility is carried out.

No matter how Federal programs of assistance to urban mass transit are reorganized they must be (a) clearly identified and treated at a very high level in the executive branch, (b) coordinated on an extensive and continuing basis internally and with other programs to assist urban development, and (c) administered consistently at both Washington and field levels of the Federal organization.

The following discussion attempts not only to identify the functions that should be performed independently but also attempts to explain the vital links between functions, especially between comprehensive planning and the subsequent planning of transportation systems and projects. It must be understood that extensive and continuing interchange of information and cooperation are essential.

A. Comprehensive Planning

The term comprehensive planning has sometimes meant detailed system planning for all subsystems, sometimes planning for all parts of a contiguous urban area. In this discussion comprehensive planning means formulation of basic community goals, objectives and policies in terms of which detailed system and project planning must be done. This is consistent with the definition of comprehensive development planning in Bureau of the Budget Circular A-80. It means decisions by local residents as to the styles of life they wish to live and consequently what kind of place they want their community to become. It means deciding on the kinds, amounts and quality of facilities and services to be provided and the standards, scheduling, and constraints to be imposed thereon. It means deciding whether, when, where and how much of something is to be done but not how.

Comprehensive planning includes land use planning and the formulation and adoption of policies to implement such plans, including decisions on the location of airports, transportation corridors, public parks, schools and hospitals, sewage systems, etc. The comprehensive planning process will entail surveys of existing land use (industry type, residential density, etc.) and also forecasts of future use, reflecting effective employment of zoning, taxing and other land use policy instruments. This planning also will require the most serious consideration of transportation problems and needs, since transportation decisions influence (often decisively) other location decisions, the overall design of the community, and the realization of community

goals and objectives.

Comprehensive plans must reflect evaluation of alternatives -- including alternative transportation networks and service levels. Similarly, comprehensive plans must involve consideration of available resources and priorities in their application. Continuing interaction between comprehensive planning and system planning is, therefore, essential.

Comprehensive planning of this order is not commonly achieved at the present time. Many important determinants of land use are not taken into account explicitly in the planning process at the local level. Despite the creation of metropolitan planning agencies through the 701 program, comprehensive plans seldom make explicit the application of general goals and objectives in terms of positive performance standards or constraints on external effects that are to be honored in subsequent system and project planning. The facts that a major source of comprehensive planning funds is the Federal-aid highway program and that subsequent highway investment expenditures are determined by State highway commissions are also not conducive to unbiased exercise of comprehensive planning at the community level. Until adequate funding is provided through the 701 program, however, intolerable delays and in some cases suspension of comprehensive planning would occur without the continuation of present aid from the Highway Trust Fund.

The Department believes that the comprehensive planning process should be under local control and that it should be carried on by a comprehensive planning agency -- areawide, whatever the area may be.

It believes that this planning agency should not have direct responsibility for any functional programs. This principle was recognized by DHUD's predecessor agency at the Federal level when it removed the 701 planning responsibility from the Urban Renewal Administration.

The Department conceives the comprehensive planning agency as a technical body and holds in consequence that its work must be controlled by elected officials and be subject to the review and approval of the local citizenry to whom these officials are responsible. The comprehensive planning agency would be expected to call upon Federal and other governmental agencies for information and technical assistance and should be required to consider regional and national transportation needs and objectives affected by local plans.

The Department concludes that primary Federal responsibility for technical and financial assistance for the comprehensive planning function should be vested in the Department of Housing and Urban Development. A greatly augmented 701 planning program will be essential to achieve this objective.

As part of its responsibility, DHUD should perform or contract for research on planning methodology, including efforts to identify the relationships between the urban environment and transportation activities; conduct or make grants for the conduct of demonstrations relating to comprehensive planning objectives; grant scholarships for

the training of planners; sponsor conferences and other activities to improve the skills of planners and the quality of planning functions; seek to develop mechanisms by which communication between citizens, elected officials and planning technicians can be facilitated, including devices to carry approved plans into action; and, finally, should review locally approved comprehensive plans for conformity with Federal technical standards and requirements, originating in the various Federal agencies, as a basis for consideration of further Federal aid in whatever functional area the comprehensive plan may call for action.

The Department recognizes that in the comprehensive planning process local people, acting through elected officials, should make the basic choices on location of urban highways and public mass transit corridors, airports, terminals, parking and other ancillary transportation facilities in urban areas, consistent with regional and national transportation plans and goals. It recognizes further that the comprehensive planning responsibilities in urban areas having populations of 50,000 or more should generally pass from State functional agencies or special purpose development and operating authorities to an officially designated comprehensive planning agency for the area concerned.

The Department of Transportation would provide transportation and related planning data to such local planning agencies, render technical assistance upon request and would expect that in making their decisions they would take into account facts bearing upon the

wider effects of local planning decisions. DHUD would be expected to include such requirements in its planning standards and make them part of the basis for review and approval of comprehensive development plans. For example, no airport should be located in such a way that local air operations would interfere with established national and international air route patterns or with established military air space reservations or with the operations of nearby airports. Similarly, no local highway corridor should be located so as to impair the effectiveness of an existing interstate highway. In its technical review of comprehensive plans, DHUD would be expected to consult each functional agency on such problems.

Transportation system planning would derive from and necessarily be carried on in close coordination with comprehensive planning to establish a dynamic continuing process.

B. System Planning

Transportation system planning for a given area would follow upon establishment of an approved comprehensive plan and would be related directly to statewide and interregional transportation plans and policies. It would resemble the travel analysis and planning now being generally conducted by or for State highway departments, but would be grounded on broad social goals and policies. ✓

Beginning with basic land use data developed in the comprehensive planning process, it would estimate future trips and modal choices and

estimate travel demand for each part of the transportation network.

It would hypothecate and test alternative networks, alternative levels of service quality and prices, and alternative mode mixes. It would incorporate research and development progress and thus be closely related to research and development work being carried on by DOT.

It would produce data on the costs, benefits and impact of transportation alternatives and permit choice of a specific development program, including investment plans.

The findings and conclusions of system planning would be available to the comprehensive planning agency as further input in its continuing evaluation and updating of comprehensive plans. The data on the approved transportation system plan would constitute the base for detailed project planning discussed in the next section of this paper.

A revised Federal organization to administer financial and technical assistance for urban transportation system planning is advised. Present system planning is funded through DHUD's 701 planning grants and by the Bureau of Public Roads through the State highway departments who may allocate up to $1\frac{1}{2}\%$ of their Federal highway trust fund allocations, plus $\frac{1}{2}\%$ of their primary and secondary road allocations to research and planning. System planning for each urban area is conducted by a complex working arrangement involving in varying degrees local officials, State planning officials, State highway department officials, and officials of BPR and DHUD.

The dominant role of the State highway departments and the pressure upon local officials to qualify for highway capital funds as allocated by the State highway departments is not necessarily conducive to planning which reflects broad community goals nor to a thorough and imaginative examination of all modes and mixed modal possibilities. Another reason why the question of modal choice is not well addressed is that there are separate Federal sources of moneys with different matching ratios for highway and mass transit planning.

Under present arrangements, urban highway proposals are reviewed by the Bureau of Public Roads and public bus transportation proposals are reviewed as a separate system by the Urban Mass Transit Assistance Administration. The compatibility of local projects, planned as segments of State and regional systems, with other community objectives and subsystems, is not determined until stages close to final project implementation, with controversy and delay a not uncommon result.

Accordingly, the Department of Transportation recommends that system planning for all urban transportation be coordinated under close surveillance of the Secretary. At this level system planning grants (for all modes) to urban areas of over 50,000 population would be administered. A major share of the highway planning funds from the Highway Trust Fund, now used in urban land use planning would be allocated directly to urban transportation system planning agencies.

The uniform and integrated review of transportation system plans would precede approval of project plans. For example, alternative systems (e.g., buses on highways vs. rail transportation on private right-of-way) would be compared on their merits, both as intra-urban systems and in relation to intercity transportation. Transportation system planning would thus become one functional component in the further development of the comprehensive plan.

In coordinating system planning assistance and review, the Department would work closely with DHUD's counterpart administering the comprehensive planning process. Transportation system plans found to be in accord with comprehensive plans by an officially designated comprehensive planning agency would be reviewed by DOT. Other interested Federal agencies would be consulted. The research and development function in DOT, at both Secretarial and Administration levels, would be administered to assure that technological improvements are carried promptly into system planning.

C. Project Planning

By project planning, the Department of Transportation means the preparation of detailed plans, designs, drawings, specifications, cost estimates, and solutions of field problems involving engineering and construction techniques for specific construction projects. With respect to highways, for example, project plans include geometric design, route alignment within approved corridors, specifications and cost estimates; with respect to airports, project plans include

the number and direction of runways, tower and hangar locations, and gates and other operating appurtenances as well as engineering specifications and cost estimates.

Locally, project plans should be prepared by the agency which is to develop and operate the facilities or services in question. Before transmittal to the Federal program agency, they should be submitted to appropriate local planning agencies for determination of conformity with community development plans. Plans involving projects that extend beyond the local jurisdiction would also be submitted to regional or State planning agencies for review. These project plans are the how of problem solving in the various broad areas of publicly sponsored activities -- transportation, education, urban renewal, recreation, etc.

Eligibility for Federal aid for all transportation projects should be determined on the basis of a uniform technical review by the Federal operating agencies providing assistance. This review should consider local preferences concerning design specifications as they are developed in the comprehensive and transportation system planning process. It should also reflect research developments as they occur, for example, in highway safety, air pollution abatement, and reductions in noise and vibration levels.

D. Research and Development

All technical research and development on civilian transportation facilities and equipment should be conducted by the Department of Transportation or through contracts or grants-in-aid arranged by the Department.

Research and development in urban transportation should include the social and economic aspects of transportation as well as transportation technology. More efficient use of existing and new urban freeways and mass transit facilities is an important research objective.

The concentration in the Department of Transportation of Federal responsibilities for research and development in the field of transportation safety, for example, confirms the intent of Congress that an integrated functional approach be followed. This would be enhanced by the inclusion of mass transit safety research in the program.

Modal research and development must also be coordinated within DOT. Bus and highway systems are closely related, especially where obvious highway design decisions are involved, such as reserved lanes for buses. Similarly, rail mass transit research should be coordinated with the on-going research on intercity rail transportation. Intercity rail safety devices and systems are largely applicable to intra-urban rail mass transit. Moreover, much of the research and development on vehicle components -- brakes, propulsion systems, suspension systems, car design, power transmission -- confronts the same problems whether the purpose is intra- or inter-city transportation. Economy and efficiency dictate that these activities be integrated.

There is considerable evidence that the future technologies with most promise, at least for the intermediate time horizon, are mixed-mode possibilities -- "bus" uses of highway capacity, for example. The most significant problems will emerge in the process of carrying out comprehensive and system planning.

E. Capital Investment

Consistent with inclusion of all system and project planning, as well as research and development activities in DOT, all Federal financial assistance for urban transportation capital investment programs would be located in the Department.

The basic problems of capital investment in urban transportation at the Federal level, however, are not primarily in the realm of organization. They arise from the nature of and differences among current statutory policies and programs. Extended study will be needed to evaluate the effects of differences in allocation formulae, cost-sharing ratios, authorizations and appropriations and other terms and conditions of capital assistance on local planning and decision-making as well as on the competitive and financial viability of urban transportation systems.

F. Administration and Operations

At the present time this is largely an empty box at the Federal level. Federal policy, both congressional and executive, is explicitly against Federal intervention in the administration and operation of local transportation services. As highway traffic management becomes more complex and to meet the existing operational complexities of public mass transit, the Federal Government may find it necessary to engage in operations research and management training activities. The statutory authority for transportation research is broad enough to do this and to permit federally sponsored evaluation of the administrative and service practices of local systems.

III. RECOMMENDATIONS

The Department of Transportation believes that the following recommendations concerning reassignment of urban transportation functions should be made to the President and the Congress:

1. Give further emphasis to the role of the Department of Housing and Urban Development as the general Federal coordinating agency for all federally assisted functions operational in urban areas.
2. Strengthen the responsibility of the Department of Housing and Urban Development for Federal assistance for comprehensive community planning. ✓
3. Recognize the Department of Transportation as the sole Federal agency providing technical and financial assistance for the system and project planning, research and development, and capital financing of transportation facilities and services in urban areas.

These recommendations must now be tested against the questions raised in Part I.

1. DHUD's line responsibilities. Assuming the implementation of all of these recommendations, the Department of Housing and Urban development would still retain project approval and funding responsibilities for the following action programs:

- urban renewal
- neighborhood facilities
- rehabilitation
- low-rent public housing
- housing for the elderly and handicapped
- college housing
- open space
- water and sewer facilities

- land acquisition
- comprehensive city demonstrations
- urban information and technical assistance
- community development training
- fellowships for city planning and urban studies
- urban research and technology
- low income housing demonstrations
- rent supplements
- mortgage credit

The powers carried by these programs easily meet the test of sufficiency for purposes of supporting the major coordinating function already vested and now being further concentrated in DHUD by changes recommended here. Whether they are more than enough for this purpose goes beyond the concerns of Section 4(g) of the DOT Act and of this study.

2 and 3. Strengthening DHUD's coordinating capability. By concentrating in DHUD technical and financial assistance for comprehensive planning, the recommended changes will strengthen the Department's capability for urban program coordination, including coordination of urban transportation programs.

The removal of operating responsibility for mass transit programs from DHUD, by reducing the Secretary's span of control and enabling him to concentrate on the enhanced coordinating responsibility described above, should increase rather than decrease the effectiveness of DHUD's coordinating role.

4. Better administration of mass transit programs. Assuming constructive local response, the recommendations in this paper will enhance the efficiency and effectiveness of Federal programs in aid of urban transportation. They will do this by regrouping the disparate elements of the present mass transit assistance program on a system basis. In this way DOT's expertise in systematic analysis of transportation problems can be employed most effectively. Rail transit programs likewise will benefit by integration with intercity rail transportation activities.

The consolidation of staff and funding for these programs at the Federal level should prevent wasteful duplication of activities and assure a more appropriate allocation of funds in accordance with the urgency and magnitude of problems in each program area.

The establishment of a coordinating function at a high administrative level in DOT should also make clear to local government officials that functional planning will be responsive to community goals and objectives, and that allocations of Federal aid will not be biased by modal programs since Federal aid in all modes will be controlled by one Federal department.

5. Contribution of urban transportation programs to meeting national transportation needs. The recommended organizational changes will integrate all technical and financial aids available for urban transportation with those currently available to meet national transportation needs and will locate the responsibility in a major Federal line agency and on an appropriate modal basis. The improved coordination made possible by these changes should substantially increase the effectiveness of both systems and thus meet the first objective laid

down by Congress in Section 4(g) of the DOT Act which is that urban transportation policies and programs be shaped to provide a maximum contribution toward meeting national transportation needs.

6. Contribution of urban transportation programs to achievement of comprehensively planned urban development. Assurance of the consistency of urban transportation system and project plans with comprehensive development plans, the coordination and approval role assigned DHUD for comprehensive urban planning, and the coordination in DOT of technical and financial assistance for urban transportation system plans and investment proposals should greatly increase the constructive contribution of urban transportation to the achievement of community goals and objectives.

These proposals constitute a consistent and thorough effort to overcome the aggravated discontent of many urban areas with what they conceive to be the arbitrary imposition of transportation subsystems by outside authorities. These proposals will tend to fix attention on this difficulty and should improve the local planning process insofar as Federal action can do so.

In summary, these changes, with a number of parallel changes in responsibilities and relationships at the State and local level should

- (a) remove vested program interests from the comprehensive planning process
- (b) recognize the Department of Housing and Urban Development as the coordinating agency for all Federal programs affecting urban areas, strengthening the congressional policies expressed in the Demonstration Cities and Metropolitan Development Act of 1966, (c) consolidate all technical and

financing programs affecting transportation in the Department of Transportation with a resulting increase in efficiency and economy, and (d) further structure Federal grant-in-aid programs for transportation to foster initiative and decision-making responsibilities in local agencies directly representing the area affected by federally aided programs.



OFFICE OF THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

ASSISTANT SECRETARY
FOR ADMINISTRATION

December 26, 1967

MEMORANDUM TO THE SECRETARY

SUBJ: Organizing for Urban Mass Transportation

A. THE PROBLEM

In your memorandum of December 6, you asked that I prepare a paper setting forth feasible alternatives for the organizational structure to handle the Urban Mass Transit program in the event the program now administered by the Department of Housing and Urban Development is transferred to DOT. In preparing this paper, you also asked that consideration be given to the memorandum to Joseph A. Califano, dated October 6, and that the report represent full coordination with affected staff. I have also taken into account views expressed in two meetings with concerned staff, numerous individual discussions, and the attached written comments.

The arrangements for the organization of urban mass transportation functions should take into account four objectives:

1. They should be consistent with the management system of the Department and facilitate a smooth and uninterrupted assumption of responsibility for the program.
2. They should be reassuring to urban leaders and others concerned that the mass transportation program receive strong and effective representation within the Department.
3. They should facilitate coordination of the mass transit program with other urban transportation activities and interests within the Department.
4. They should preserve the flexibility needed for the Department to make future adjustments in the light of experience and future program developments.

B. BACKGROUND FACTS AND CONSIDERATIONS

The Department of Transportation legislation was drafted with full awareness that the respective roles of the Department of Transportation and the Department of Housing and Urban Development in urban transportation would have to be clarified. It was decided to defer a decision on the issue for fear that an effort to resolve the matter would be time consuming and could jeopardize the bill. The Administration therefore recommended, and the Congress approved, language in Section 4(g) which directed the Secretary of Transportation and the Secretary of Housing and Urban Development to study and report within one year to the President and the Congress on the "logical and efficient organization and location of urban mass transportation functions in the Executive Branch."

Subsequent efforts to obtain agreement between the two Departments on the organizational issue have been unproductive because both have developed plausible arguments for their proposed roles in urban mass transportation. It was consequently necessary for the two Secretaries to advise the President of their unresolved views and recommendations. The President has now decided to proceed with a transfer of the functions to DOT. This approval is conditioned on the reorganization proving feasible and acceptable as work is done on its behalf in the weeks ahead.

Functions Involved

The immediate problem relates to the disposition of the functions now lodged in the Secretary of Housing and Urban Development by the Urban Mass Transportation Act of 1964, as amended. This statute authorizes a variety of activities designed to foster improved mass transportation in the Nation's cities. Specifically, the following programs are authorized by the statute:

1. Federal financial assistance to state and local agencies to finance acquisition, reconstruction and improvement of facilities and equipment for mass transportation.
2. The performance of research, development and demonstration projects in all phases of urban mass transportation.

3. The making of grants to state and local public bodies for the planning, engineering and designing of urban mass transportation projects.
4. The making of grants to state and local agencies to provide fellowships for the training of personnel employed in managerial, technical and professional positions in urban mass transportation.
5. Grants to public and private non-profit institutions of higher learning to assist in establishing or carrying on comprehensive research in the problems of transportation in urban areas.

Urban Transportation Organization in HUD

The Department of Housing and Urban Development has provided for a highly centralized administration of the urban mass transportation program. Responsibility is lodged in an Urban Transportation Administration, reporting to the Assistant Secretary for Metropolitan Development, who also supervises a number of other activities within HUD. All functions associated with the 1964 Statute are carried out directly through the staff of the Urban Transportation Administration and there is no significant regional participation.

The Urban Transportation Administration is a small organization, with only about 55 employees. It is headed by a Director at Executive Level V. There is a Deputy Director at GS-17 and two senior staff at GS-16. The Administration is divided into Divisions for (1) Project Development; (2) Transportation Training Programs; and (3) Demonstration Program and Studies. There are also two small staff units, one concerned with the study of new systems and another with processing project applications and various administrative matters.

The largest segment of the program, when measured in money involved, is the making of grants to State and local agencies for transportation facilities. The 1968 funded level for such grants is \$123.5 million. Assistance to public agencies for research, demonstrations, studies and training is supported at a 1968 program level of \$15.5 million.

Means of Implementation

All authority conferred by the Urban Mass Transportation Act is now lodged in the Secretary of Housing and Urban Development. This means

that as long as we confine ourselves to transferring functions, the reorganization can be implemented under the reorganization plan procedure. Using this device, the President can transmit a reorganization plan to Congress accompanied by an appropriate message, which plan takes effect automatically unless one House of Congress votes a resolution of disapproval within 60 calendar days. Provision may, however, be made in the plan for the reorganization to take effect at a date later than the end of the 60-day waiting period. The plan may also provide for the appointment and pay of officers determined by the President to be required by virtue of the reorganization, provided that the rate of pay must not be in excess of that applicable to comparable officers in the Executive Branch. It is thus possible by reorganization plan to make ample provision within the Department of Transportation for the administration of the Urban Mass Transportation program.

It should be noted that the functions will be transferred to the Secretary and will not be directly lodged in any subordinate official. The Secretary will have the authority to make such delegations as he deems to be necessary to carry out his responsibilities for the program.

It is recognized that the Department of Transportation is already deeply involved in urban transportation and that several of its existing programs have a direct impact on the cities. This should be kept in mind in the design of the organization to receive the Urban Mass Transportation Act functions, but this fact should not be permitted to confuse the presentation of the reorganization as a straight-forward transfer from one Secretary to another of clearly specified statutory authority and functions.

C. ALTERNATIVE SOLUTIONS

Each of the officials of the Department most concerned with urban transportation was asked to provide his views on the organization of the mass transportation program. All responded and copies of their memoranda are attached. A review of the submissions, as supplemented by further discussions, suggests that there are only two alternatives which warrant serious consideration and which are compatible both with the guidelines stated in the memorandum to Mr. Califano and your instructions to me. These will be discussed in the paragraphs below as Alternatives 1 and 2, with a recognition that the basic alternatives have a number of variants.

Alternative 1

Assigning Responsibility to an Official in the Office of the Secretary

The Assistant Secretary for Policy Development, the General Counsel and the Special Assistant to the Under Secretary would establish a position of Assistant Secretary, or utilize the position of Deputy Under Secretary, as the focal point of both staff and line direction in matters relating to the administration of the urban mass transportation program and urban transportation generally. Under this alternative, no new operating administration would be established to carry out the transferred functions.

The pros and cons of this approach are the following:

PROS

1. It would concentrate line responsibility for the urban mass transportation program, as well as policy leadership in urban transportation matters generally in a single, high-level official.
2. Because the official would be in the Office of the Secretary, this arrangement would discourage the centrifugal tendencies which might be generated by a line administration.
3. Because the Secretary has discretion in assigning functions to an Assistant Secretary or the Deputy Under Secretary, either of these variants of the alternative would assure a high measure of organization flexibility and freedom to make later adjustments.
4. If the Deputy Under Secretary is used in this capacity, it would give a continuing and increasingly institutionalized content to his job.
5. The small size of the staff concerned with Urban Mass Transportation in HUD would fit into the structure of the Office of the Secretary without great difficulty.
6. It can be accomplished by reorganization plan, including, if need be, the provision of an additional Assistant Secretary.

CONS

1. The Urban Mass Transportation program is a line, operating activity with a larger fiscal program than either the Federal Railroad Administration or the St. Lawrence Seaway Development Corporation. To put the direct administration of such an activity in the Office of the Secretary would be inconsistent with and would seriously confuse the present management system of the Department, which calls for operating functions to be carried out through line administrations.
2. To expect an official of the Office of the Secretary simultaneously to exercise direct program responsibility in carrying out a single law and to serve as an impartial adviser on policy and program matters relating to urban transportation affecting a number of elements of the Department is not unlikely to work, because the same man cannot easily be the direct advocate and administrator of one program and the impartial adviser to the Secretary on other urban transportation matters.
3. The change from the HUD pattern which relies on a line administration (although it reports through an Assistant Secretary) might complicate the reorganization and make it more difficult to explain.
4. Most of the advantages listed above can also be achieved under Alternative 2 through appropriate adjustments of assignments in the Office of the Secretary, after the reorganization takes effect.

Alternative 2

Establishing an Urban Mass Transportation Administration

This option contemplates the establishment of an Urban Mass Transportation Administration headed by an Administrator reporting directly to the Secretary. The Deputy Under Secretary, the Special Assistant to the Secretary for Special Programs, the Assistant Secretary for Public Affairs, the Federal Aviation Administrator, the Federal Aviation Administrator and the Assistant Secretary for Administration urge that a separate administration be established

for urban mass transportation, but several of these officials specifically recommend additional adjustments or arrangements in the Office of the Secretary to facilitate leadership and coordination in urban transportation affairs generally. The Federal Railroad Administrator urges that if we proceed with this alternative the present HUD title, Urban Transportation Administration, be retained in the interest of flexibility should it be decided to transfer additional functions to the new unit after it is set up in DOT.

PROS

1. This alternative is consistent with the Department's organization and management concept, which places operating programs under administrators, with the elements of the Office of the Secretary functioning, insofar as practicable, in a staff capacity.
2. Although the mass transportation program is multi-modal, it still involves the execution of legislation involving direct service to the public and therefore qualifies for performance by an "operating administration."
3. HUD now carries out the program through an Urban Transportation Administration, which could easily be transferred in its entirety to the Department of Transportation, without disruption of day-to-day work.
4. This alternative lends itself to ready treatment by reorganization plan and the mechanism of an operating administration headed by an administrator is well understood and accepted by the Congress.
5. Although the administration and its head would be established by law, the Secretary would always be free to redeploy any or all of the functions which he might delegate to the administration and could, if he chose, abandon the administration by leaving the statutory position vacant.
6. The Secretary can provide additional arrangements for the coordination of urban transportation matters in the Department by administrative action charging an Assistant Secretary or the Deputy Under Secretary with leadership in matters cutting across operating administrations. Only if an additional Assistant Secretary were sought, would it be necessary to touch upon OST structure in the reorganization plan.

CONS

1. The Urban Mass Transportation Administration would start with an initial staff of around 55 persons, a relatively microscopic organization compared to FAA, Coast Guard and FHWA.
2. To date, we have been able to keep all of our administrations on a primarily modal basis and the Urban Mass Transportation Administration would clearly be multi-modal in scope and interests.
3. There is some hazard that an administrator might take a more limited and parochial perspective in carrying out the program than would an official in the Office of the Secretary.
4. The alternative could increase the burden of the Secretary and the functional staff of OST by imposing the need to foster policy and program coordination between the UMTA and other administrations with major urban transportation interests.

Rejected Alternatives

Alternatives envisaging placement of the 1964 Act functions under an existing administration have not been considered, because they are not compatible with the understanding reached with the President, the Bureau of the Budget and the Secretary of Housing and Urban Development, that the program would be administered by an entity "organizationally independent of other Administrations".

The dispersion of the program among such elements as Rail and Highway, thereby retaining the present modal character of the operating administration, was also discarded as an initial approach to the management of urban mass transportation functions. Such an approach would jeopardize the reorganization and is also incompatible with the statement of the Department's intentions as conveyed to the President.

There was, at one time, some advocacy of a position of Under Secretary for Urban Transportation as a variant of Alternative 1. Because of the unsuccessful experience in the past with Under Secretaries for specific programs or functional areas, and because

of the controversy which a proposal to create such a post by reorganization plan would engender, it is no longer advocated as a preferred alternative by any DOT official.

D. CONCLUSIONS

Although persuasive arguments can be made on behalf of Alternative 1 and Alternatives 2, it would appear that a reorganization along the lines of 2 would be the most clean cut, most consistent with the organizational concept of the Department, and most likely to win support in the Congress. It appears to provide adequately for day-to-day administration of the Urban Mass Transportation Act and leaves the Secretary free to take any additional actions which he might find desirable to strengthen the role of the Office of the Secretary in urban transportation affairs generally.

E. RECOMMENDATIONS

It is therefore recommended that the Secretary approve Alternative 2 and that he propose the creation of an Urban Mass Transportation Administration reporting directly to him. Any adjustments in the Office of the Secretary to assure Department-wide policy and program leadership and coordination in urban transportation matters should be made by administrative action after the approval of the reorganization plan.



Alan L. Dean

Attachment

ORGANIZATION FOR MAJOR URBAN TRANSPORTATION

Summary of Comments

| Commenting Official | Preferred Placement of Program Respon. | OST Arrangements for Inter-modal Coordination | Remarks |
|---|---|--|--|
| 1/ Deputy Under Secretary | Separate Administration. Level III Administrator. | "Top policy official" for coordination and advocacy should be provided. | Also envisages long-range adjustments over 4-5 years. |
| 2/ Special Assistant to the Under Secretary | Assistant Secretary | | This arrangement regarded as more likely to remain flexible. |
| 3/ Special Assistant to the Secretary for Special Programs | Separate Administration. | Coordinator or Spec. Assistant to Secretary to make sure of full program coordination. | Feels neither the line or staff function of urban transportation can be assigned to an existing Assistant Secretary. |
| 4/ Assistant Secretary for Policy Development | Deputy Under Secretary or an Assistant Secretary to receive HUD functions and to have general responsibility for urban trans. functions, at least to some extent. | Deputy Under Secretary or Assistant Secretary | Would preserve Department's options for future, and would institutionalize the role of DUS. |
| 5/ Assistant Secretary for Public Affairs. | Separate Administration for line operations. | OST official to provide coordination and policy advice across Dept. | |

Summary of Comments

| Commenting Official | Preferred Placement of Program Respon. | OST Arrangements for Inter-modal Coordination | Remarks |
|--|--|---|---|
| 6/ General Counsel | Assistant Secretary for Urban Transportation | Assistant Secretary for Urban Transportation | Will keep the administration of programs as close to the Secretary as possible, preserves flexibility. Consideration should be given to counterpart officials in the administrations. |
| 7/ Federal Highway Administrator | Separate Administration. | Secretary should be free to use any staff he feels appropriate to assure coordination among administration. | |
| 8/ Federal Railroad Administrator | Separate Urban Transit Administration | An Assistant Secretary or Special Asst. to the Secretary would direct Task Force. | Feels that word <u>Mass</u> should be eliminated from title in interest of flexibility. |
| 9/ Federal Aviation Administrator | Separate Administration. | Let Secretary make any provision he wishes in OST for inter-modal coordination. | To put program in OST would unduly involve the Secretary in day-to-day operational matters. Feels reorganization should be kept simple. |
| 10/ Assistant Secretary for Administration. | Separate Administration. | Deputy Under Secretary to handle urban transportation coordination. | Plan would only mention new administration. Secretary would make OST adjustments by administrative action after plan is approved |

THE SECRETARY OF TRANSPORTATION

WASHINGTON, D. C. 20590

January 2, 1968

MEMORANDUM OF CONVERSATION WITH U/S WOOD, HUD

Attached is a memo prepared by U/S Wood which served as a basis for conversation between the two of us. I stated my agreement in principle subject to definition of the items set forth.

Specifically under item:

✓ 1(a) - I stated that we would review our DOT budget to see whether any money could be made available for expanding the 701 planning. Further I agreed to support any effort of HUD to obtain additional planning funds.

1(b) - In this item I stated that we would consider the transfer or detail of personnel.

✓ 2 - Review function. I agreed to the requirement for concurrence of the Secretary of Housing and Urban Development in connection with transportation grants or loans affecting urban areas. This agreement is to cover such things as the Philadelphia Expressway situation and/or the D. C. Freeway system but does not include such items as the loan or grant of funds for some city to buy a half dozen buses.

✓ 3 - Research and Development function. We agreed that there would be no problem on 90% of this activity and we should work out a method to make sure HUD is able to deal with the question of impact.

4 - Continuing HUD/DOT evaluation arrangements. I outlined to U/S Wood a proposal which I had made to the President (copy attached) to deal with whole area of coordination. We agreed to pursue the approach set forth in the attached memo.

In general we agreed to the "lead agency" principle with HUD having the lead on planning and impact and DOT having the lead on research and operations. We further

agreed that collaboration while essential should be limited to matters of importance and should not devolve in any sort of nit-picking.

I have proposed to the White House that we proceed to a reorganization plan on urban mass transit. This has not been discussed with Mr. Wood. I will try to get a final reading on that this week. We are working together on making contacts both prior and subsequent to the State of the Union Message where I expect some comment to be made on the transfer of functions to DOT.


Alan S. Boyd

Enclosures - 2

cc: Mr. Hutchinson
Mr. Bridwell
Mr. Sweeney
Mr. Dean ✓
Mr. Sitton
Mr. Murray

Copy of memo to
Pres. for Post.

EYES ONLY

Lead agency: HUD
H. B. planning
DOT ops. imp.
Collaboration in detail

Basic Points for a Proposed New HUD/DOT Relationship

1. Planning function and funds. Urban transportation must be planned as a system and in relationship to the other systems, such as water, sewer and open space, which determine sound and orderly growth and development. HUD will need major additional planning funds and planning engineers to assure urban transportation is related to other urban systems.

a. The 701 planning should be expanded substantially as possible:

- (1) Double the present level of normal comprehensive metropolitan planning assistance (from approximately \$20 million annually to \$40 million annually).
- (2) Specifically authorize funds for joint facilities development (approximately \$10 million annually).
- (3) Specifically authorize funds for regional airport planning, primarily impact studies (approximately \$10 million annually).

b. HUD should assume the responsibility for setting standards, guidelines and reviewing the planning and work programs of State highway departments -- in effect, leveling requirements on the location and impact of transportation in the urban areas.

2. Review function. To assure the greatest possible local understanding and support for transportation development, we propose that the concurrence of the Secretary of HUD be obtained for transportation grants or loans affecting urban areas. With funds and manpower made available by the transfer proposed above, HUD could provide prompt advice with respect to proposals presented to it by DOT for review, evaluation, and recommendations. Such concurrence is especially required

Should DOT
provide for
planning.

transfer
detail of
personnel

Training. Contact by
people before state officials.

E.g. California
DC planning system
not 405 buses to
Kirkland

when proposals relate to (a) land use planning requirements (such as the modal split, or other arrangements affecting the transportation component), (b) relocation of persons or businesses, or (c) the certification of the areawide comprehensive planning requirement now required in the transportation grant statutes. A parallel case would be the decisions of the Secretary of Labor with respect to wage rate determinations, or of the Secretary of HEW re air pollution.

500
CH
11

3. Research and development function. Research, demonstration and development directly related to transportation facilities, equipment and services would, of course, be the principal concern of DOT. However, the impact of such proposals on urban areas and land development should continue to be a major concern and responsibility of HUD as well as generalized systems development involving hardware/software relations and affecting the urban environment. Investments in these R & D activities should be substantial to insuring emphasis and sophistication equivalent to the other areas of R & D.

4. Continuing HUD-DOT evaluation arrangements. We propose a Federal Council on Urban Transportation. This would be a permanent organization to provide advice on standards, criteria, and priorities. The Secretaries of DOT and HUD would be full members, with chairmanship rotating between them. To provide guidance and advice to the Council, subcommittees would be designated with responsibility for such areas as research and development, planning, airport location, noise abatement, urban design, joint facilities, and so forth.

In developing these arrangements and in their public announcement it is important to emphasize the team approach in the new allocation of responsibilities. The sharing, exchange and coordination of duties -- rather than their reassignment -- is the critical point to convey to the Congress and the public. Problem-solving in cooperative, creative ways should be the basic theme.

memo to Califano
{ Working group include
 depts.
 Key people contacts
 Cannon - Staff of Union.

Pres. Wilson



ASSISTANT SECRETARY

OFFICE OF THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590



January 24, 1968

MEMO TO THE SECRETARY

FROM THE ASSISTANT SECRETARY FOR ADMINISTRATION

SUBJECT: TRANSFER OF URBAN MASS TRANSPORTATION PROGRAM

Attached for your information and use in a discussion with Secretary Weaver and Under Secretary Wood, is a joint paper entitled "Summary of HUD and DOT Staff Positions" which discusses various issues raised by the decision to transfer the urban mass transportation program to the Department of Transportation. This paper reflects both discussions with HUD staff and internal staff work within each of the two Departments.

The inter-departmental discussions have sought to identify and clarify issues requiring decisions at the Secretarial level and to state alternatives or options in a way which will facilitate decision-making when you confer with the Secretary and Under Secretary of Housing and Urban Development. The attached paper makes every effort to reflect the spirit of understandings reached in your previous discussions with Messrs. Califano, Weaver, and Wood.

General Discussion

During the course of staff discussions, many issues of principle and concept have been resolved. DOT staff have agreed

that the leadership within the Executive Branch on matters relating to urban development generally and to comprehensive planning in urban areas is appropriately lodged in HUD, and we have expressed the desire of DOT to do everything possible to increase HUD's effectiveness and resources as an urban affairs department. The HUD staff on the other hand have recognized that the basic decision has been made to move the urban mass transportation functions to DOT, that there are interfaces between inter-city and urban transportation, that leadership in developing transportation projects and systems resides with or should be concentrated in DOT, and that the Reorganization Plan must avoid provisions which would jeopardize its acceptance. Nevertheless, as the attached Summary of HUD and DOT Staff Positions makes clear, important issues remain.

The principal disagreement between the Department staffs relates to the technique of implementation as opposed to substance. That is, the representatives of HUD in a number of instances indicated below have urged that agreements be expressed in the Reorganization Plan, while DOT staff have, in all instances, urged reliance on a Memorandum of Understanding and statements of intent in the President's Message transmitting the Plan. Obviously, HUD would be reassured by having its continued involvement in urban transportation fixed in law. DOT staff, on the other hand, have urged:

- (1) The need to avoid jeopardizing the Reorganization Plan in Congress by unnecessarily complicating the transfer

with language which can be dealt with in an inter-departmental Memorandum of Understanding.

- (2) The need to develop arrangements which will deal comprehensively with the relationships between the two Departments and cover all modal programs, in a manner which is fully compatible with the basic responsibilities of each Department. We are convinced that, at the moment, neither DOT nor HUD sufficiently understands the problems involved in developing an effective relationship to justify hardening a position by legislative action now.
 - (3) The difficulty of substantially improving the effectiveness of local planning activities and the relationships of Federal to local agencies, which is the ultimate problem to be solved, by dissecting in the Reorganization Plan various provisions of the Mass Transportation Act and of section 134 of title 23.
 - (4) There should not be in the mass transit area a unique relationship between HUD and DOT. For this reason, HUD is consistent in urging reservation of some urban transit authority and transfer of similar authority from DOT to HUD in the highway area. Just as consistently, we urge that more effective relationships in both the highway and transit areas can be
-

4

developed without a transfer of function than with one. If you give in on one, HUD can argue that, logically, you should concede on both.

Many of HUD's concerns could be satisfied by effective utilization of existing but unused or poorly used law. Determined, good faith effort by both Departments is necessary to make these laws work. Specifically, we have in mind the consistency-of-projects-with-plans requirements of the Highway Act and, more broadly, the requirement of section 204 of the Model Cities Act which requires review of all development projects by areawide planning agencies.

Another area of disagreement concerns the language of a provision for consultation and cooperation to be included in the Reorganization Plan. HUD would like a broad consultation section in the Plan encompassing all modes of transportation. DOT staff have suggested that the language be confined to urban mass transportation. Our reasoning goes to the very strong language already incorporated

in section 4(g) of the DOT Act which now states that "The Secretary and the Secretary of Housing and Urban Development shall consult and exchange information regarding their respective transportation policies and activities; carry on joint planning, research and other activities; and, coordinate assistance for local transportation projects." It would be difficult to devise language for a Reorganization Plan more sweeping than this and to do so raises a question as to what the two Departments are doing with the authority they already have in section 4(g). DOT staff would have no problem, however, with language restricted to mass transportation to make clear that the reorganization in no way reduces the requirement for cooperative action on the part of the Secretary. Ultimately, if a concession appears appropriate, we could defer to BOB on this issue since they are finally responsible for Plan language anyway.

One of the general points which HUD officials may raise with you is the importance of retaining or obtaining specific statutory authority through the Reorganization Plan as a basis for securing appropriations. This argument has a certain plausibility but the more it has been explored the more vulnerable it appears. In the judgment of DOT staff, various splits and reservations of authority as proposed by HUD will require a hasty resolution of concepts which deserve more careful consideration, will raise a host of questions by Congress and interested client groups, and, even if successful, will raise extremely difficult and perennial funding problems with the Congress. Because of the availability of the Economy Act permitting

reimbursable services DOT can, in effect, contract with HUD to render any services which that Department is best equipped to provide and can give assurances of reimbursement without introducing the problems of divided statutory authority.

Although there is apparent agreement on the roles of the two Departments in transportation systems planning, there is in fact a grey area because of the lack of clear definition of terms. We and HUD have been using the same words but may not have the same understanding of their meaning. Transportation systems planning impinges significantly on urban development. Therefore, HUD clearly has an interest. On the other hand, the Department of Transportation must play a leading role in supporting and evaluating transportation systems planning by local public agencies because of its impact on project planning. The most difficult issues are at the local level:

How is effective local transportation systems planning to be induced?

How are comprehensive transportation plans to be effectively related to comprehensive development plans?

And finally, how are transportation project plans to be effectively related to transportation systems plans?

There is agreement on the primacy of HUD's role in the area of comprehensive development planning. There is agreement on the primacy of DOT's role in the area of transportation project plans. There is no clear agreement on the respective roles in transportation systems planning.

Finally, in your discussions, you should bear in mind that new statutory authority cannot be created by Reorganization Plan. A Plan can only transfer existing authority.

535
URBAN TRANSIT
DOT/HD

MEMORANDUM OF MEETING BETWEEN SECRETARIES WEAVER AND BOYD, UNDER
SECRETARY WOOD AND DEPUTY UNDER SECRETARY SITTON, JANUARY 25, 1968

SUBJECT: Discussion of Issues on Proposed Transfer of Urban Mass
Transit Program to DOT

The discussion between Secretaries Boyd and Weaver was based upon the HUD/DOT staff position paper. Secretary Weaver indicated that HUD was concerned over two issues on which the staffs had failed to reach agreement. These are Item C (Planning Base for Highway Assistance) and Item F (Technical Studies, Transportation Systems Design). The points at issue involved (a) clarification of substance and (b) procedures for implementing the agency agreement, i.e., whether by memorandum of understanding or by reorganization plan.

Planning Base for Highway Assistance

Secretary Weaver took the position that HUD should exercise a leadership role at the Federal level in promoting improved urban transportation planning as a component of comprehensive community planning. It was his view that the reorganization plan should provide specifically for a transfer of 23, U.S.C. Section 134, responsibilities to HUD in order to strengthen this leadership role. Secretary Weaver believed that such transfer of responsibility was also needed to clearly indicate to the Congress that there was an equivalency of exchange as part of the reorganization.

Secretary Boyd agreed on the need to strengthen HUD's clientele relationship with duly constituted local planning bodies. He said that DOT was fully prepared to require that approval of transportation plans and projects should be made contingent upon their responsiveness to and consistency with comprehensive community plans developed by local bodies and approved by HUD. Secretary Boyd indicated that it was critical that the HUD/clientele relationship be strengthened and said DOT would cooperate to the fullest extent toward accomplishing this objective through transfer of funds to the local body selected by HUD and support of increased 701 planning grants. However, Secretary Boyd indicated that inclusion within the reorganization plan of language transferring Section 134 responsibilities to HUD was a sensitive political issue. He believed it would be extremely unfortunate if such a proposal were adopted since it could trigger counter effort by highway interests to thwart DOT/HUD efforts to strengthen the role of comprehensive community planning in guiding highway transportation planning. Such efforts were not to be discounted as idle threats. Secretary Boyd believed a more desirable alternative was to avoid the issue in a reorganization plan, to outline objectives in the Presidential message and to implement agreement through a memorandum of understanding. Reference should not be made in the message to highway planning but to transportation planning and hortatory language should be included in the President's message for guaranteeing that HUD's leadership role in assistance and guidance to local communities was to be substantially strengthened. Subsequently, it was agreed that Secretary Boyd's suggested approach would be adopted and that Under Secretary Wood would assume responsibility for initial drafting of the Presidential message.

Technical Studies under Section 9 of the Urban Mass Transportation Act:

Secretary Weaver considered it essential to reserve to HUD certain Section 9 authority to perform technical studies primarily relating to the external impact of transportation. Such language is needed to serve as a basis for securing certain HUD appropriations. Secretary Boyd indicated that although DOT could transfer appropriate funds to meet this requirement, he fully recognized the HUD problem and agreed to incorporate in the reorganization plan a split in authority between the two Departments as recommended by Secretary Weaver.

Discussion of Tactical Procedures

There was further discussion about the problem of securing Congressional support and about the best approach, from the Administration viewpoint, for securing concurrence on reorganization plan. Secretary Boyd made reference to DOT's sensitive relationship to the highway interest groups and also to the Department's problems with respect to reorganization proposals for transferring maritime programs to DOT. Secretary Weaver reiterated his belief that the plan's success would be strengthened by forthcoming statements giving some recognition to equivalency of transfer. However, both Secretaries Weaver and Wood recognized the problem of handling this through the reorganization plan. They agreed to cover the issue of clarifying and strengthening HUD's planning responsibilities through a memorandum of understanding between the two Departments. The following was agreed:

- (a) Under Secretary Wood would prepare a first draft Presidential message spelling out in general terms the Administration's intent to strengthen the comprehensive planning process and to assure that transportation planning

is made more responsive to general community development objectives. The initial draft language will be forwarded to Messrs. Sitton and Robson for review and comment.

(b) The task force would continue to work on the detailed memorandum of agreement in line with the agreement above. This agreement would be used as the implementing document for DOT/HUD interagency understanding.

(c) Over the short term, it is recognized that due to the limited availability of 701 planning grants, Highway Trust Fund 1 1/2% planning and research grants must continue. The key point here was to assure that the HUD clientele community planning agency be further strengthened and DOT will cooperate in promoting this objective.

(d) The general division of responsibilities between HUD/ DOT will be:

- HUD will have primary responsibility for comprehensive community planning;

- DOT will exercise primary responsibility for project planning;

- HUD and DOT will work jointly on criteria and guidelines in the grey area identified as "transportation systems planning." In this latter area, HUD will be expected to provide leadership in developing criteria to govern external impact problems. These relationships and responsibilities are to be worked out in detail in the memorandum of understanding.

It was agreed that detailed drafting on these basic documents including the reorganization plan, would provide a basis of interagency understanding for going to BOB and the White House with the HUD/DOT position.

UNITED STATES GOVERNMENT

u. *Memorandum*
DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

1 Memorandum

DATE: *Saturday* February 3, 1968 944

SUBJECT: Status of Urban Mass Transportation Organization

FROM: Assistant Secretary for Administration

TO: The Secretary

In reply
refer to:

The purpose of this memorandum is to report to you before my departure for Alaska on certain aspects of the work on urban mass transportation and to indicate arrangements which are in place for continued effort during my absence next week.

1. HUD-DOT Position Paper on Major Issues.

As of Friday ^{2:15} afternoon, Dwight Ink and I reached complete agreement on the final version of the joint issues paper, a copy of which is attached. This paper is now consistent with the agreements reached in the White House meeting and in your discussions with Messrs. Weaver and Wood. The only area in which a continued divergence of views is reflected is under B in which there is a continued pro forma HUD position favoring retention by Plan language of the statutory responsibility for making certain determinations under Sections 3(c), 4(a) and 5 of the Urban Mass Transportation Act. However, because Secretary Weaver did not push this point in the White House meeting on Thursday, both Dwight Ink and I assume that the BOB will make no effort to provide for a reservation of these determination functions to HUD and that, instead, the DOT proposal of handling the relationships by Memorandum of Agreement will prevail. In any event, no further work is required on this document which will be used as a basis for future work on the Reorganization Plan, the Message, the Joint Report, and the Memorandum of Agreement.

2. Reorganization Plan and Message.

The Thursday White House meeting affirmed that it is now up to the BOB, working in close collaboration with HUD-DOT, to develop a technically sound and defensible

Reorganization Plan with some kind of reservation of functions or authority to the HUD Secretary in the technical studies and research sections of the Urban Mass Transportation Act. In our staff, Tom Tidd has been working very closely with the Bureau experts and will continue to do so this coming week. John Robson will personally concern himself with this progress and will do whatever he can to help work out Plan language consistent with the principles agreed to.

The Message is inseparable from the Plan since it must not only describe its provisions but include a number of findings mandatory under the Reorganization Act. You have previously contemplated that Messrs. Sitton and Spiekerman would give special attention to the Message and no other provision for the coming week is needed.

3. Joint HUD-DOT Report.

In accordance with our discussion, Gordon Murray has been asked to push forward this coming week with the preparation of a succinct joint report of the kind which the Secretaries are required to make by April 1 under Section 4(g) of the DOT Act. Dwight Ink has designated Peter Lewis as the HUD counterpart to Gordon in this undertaking. It is hoped that now that the basic issues have been reasonably clarified, this report can be pushed forward rapidly in the coming week.

4. Memorandum of Agreement.

Both Dwight Ink and I agree that the time critical documents discussed in the preceding paragraphs must be given priority attention. We will, however, turn our efforts to the Memorandum of Agreement as soon as possible. Gordon Murray and Ernie Spiekerman have been given the immediate responsibility for the DOT segment of this task. As you know, this Memorandum will not be easy to prepare, and it is unlikely that it will be ready for signature by the Secretaries prior to the taking effect of the Reorganization Plan. Many sub-projects and subsequent codicils may be required to cope with difficult aspects of the Memorandum and to implement in DOT procedures compatible with agreements reached. Furthermore, there is a possibility

that some part of what HUD has favored for inclusion in Plan language and which we have urged be covered by the Memorandum of Agreement might be handled through Executive Order.

5. Determination Orders.

Dwight Ink and I are quite prepared to move ahead with the preparation of the Determination Order in accordance with the suggestion you made in your recent letter to Secretary Weaver. This Order will not, however, be particularly difficult in this reorganization and we plan to defer further attention to their preparation until after the Plan has gone to the Congress.



Alan L. Dean

Attachment

CC: Mr. Sitton
Mr. Gordon Murray
Mr. Tom Tidd
Mr. Ernest Spiekerman
Mr. Gerald Snyder

The Under Secretary

Summary of HUD and DOT Positions
on Major Reorganization Plan Issues

946

Note: This summary is not intended to convey agreement on specific language for the Plan, nor is it intended to identify all of the subsidiary agreements between the Departments which will be required to be stated in a Memorandum of Understanding. For example, the proposed Federal Council on Urban Transportation is not included here because it is assumed it would not be included in the Plan.

A. Basic Financial Assistance Authority under the Urban Mass Transportation Act and title II of the Housing Act of 1955

1. Substantive recommendation. All HUD authority under the Urban Mass Transportation Act to make grants or loans and related specific transportation loan authority under title II of the Housing Amendments of 1955, and HUD authority under the WMTA consent legislation (P. L. 89-774, - 40 USC 672), will be transferred to DOT, subject to certain limitations indicated in the remainder of the paper.

B. Planning Base for Urban Mass Transportation Assistance

1. Substantive recommendations. (HUD and DOT)

a. The Federal responsibility for assisting and guiding areawide comprehensive planning (including comprehensive transportation planning) by local communities resides in HUD.

b. Within this framework, criteria for urban transportation system planning shall be developed jointly by HUD and DOT.

c. Where a local agency having responsibility for comprehensive planning for the area is qualified, as determined by HUD, to carry out transportation system planning, that agency or one responsible to it, shall carry out the transportation system planning.

d. HUD will assume responsibility for determinations (or findings, if implemented by a Memorandum of Understanding) under Sections 3(c), 4(a) and 5 of the Urban Mass Transportation Act ^{1/} that there is, or is being developed, a program for a unified or officially coordinated urban transportation system as part of the comprehensively planned development of that area. (This would include, as it does now, the adequacy of the comprehensive planning mechanism and comprehensive long and short range transportation planning.) HUD will keep DOT informed on a current basis of the status of planning operations in the various areas.

2. Implementation.

HUD POSITION

HUD responsibility for the determination whether there is a program for a unified or officially coordinated transportation system as a part of the comprehensively planned development would be specifically excepted in the Reorganization Plan.

DOT POSITION

HUD responsibility for a finding on the basis of which DOT would make the determination would be provided for in a memorandum of understanding.

^{1/} Under section 3(c), HUD would determine that there is "a program proposed or under active preparation, for a unified or officially coordinated urban transportation system as part of the comprehensively planned development of the urban area". Under section 4(a), HUD would determine that there is "a program, meet criteria established by him, for a unified or officially coordinated urban transportation system as a part of the comprehensively planned development of urban area". Under section 5, HUD would determine that "the program for the development of a unified or officially coordinated urban transportation system referred to in section 4(a) is under active preparation although not yet completed". In each case, the HUD determination would provide a basis for DOT findings with regard to the availability of financial assistance for projects taking into account the essentiality or need for the assistance for carrying out the programs referred to in these sections.

C. Planning Base for Highway Assistance

1. Substantive recommendation. HUD will certify to DOT as to the adequacy of the continuing transportation planning process in urban areas of more than 50,000, pursuant to section 134, title 23, U. S. Code. (The HUD certification will provide a basis for a DOT finding as to adequacy of the planning process and a finding that projects are based on such a process.) This responsibility will be exercised pursuant to the same consultation arrangements indicated for mass transportation planning under B above.

2. Implementation. The HUD responsibility for certification will not be assigned to HUD in the Plan, but will be provided for in a Memorandum of Understanding. Reference will be made in the Plan to a HUD role in coordinating comprehensive planning; and in the Message to increased responsibility for HUD in comprehensive urban transportation planning, including language designed to guarantee that HUD's leadership role in assistance and guidance to local communities will be substantially strengthened.

D. Project Approvals - Consistency with Planning - Urban Mass Transportation

1. Substantive recommendation

a. System plans. DOT and HUD will exchange information on locally prepared transportation system plans at the earliest possible time.

b. Project plans. DOT will provide HUD at the earliest possible time with full information on proposals for urban mass transportation projects having a significant impact on the planned development of the urban area. DOT will assume responsibility for

determining whether those projects are needed for or essential to carrying out a unified or officially coordinated urban transportation system as part of the comprehensively planned development of the urban area. DOT will not make this determination without securing the recommendations of HUD. The HUD involvement in the determination will be treated as a formal step in the process of project approval.

2. Implementation.

HUD involvement will be pursuant to a general reference in the Plan to consultations. There should probably be some reference to the matter in the message, and a specific agreement on details between the two Departments would be necessary in the Memorandum of Understanding.

Procedural details will include, among other things, provision for adherence to requirements of Section 204 of the Demonstration Cities and Metropolitan Development Act for review and comment of urban transportation projects by areawide review agencies.

E. Project Approvals - Highway - Consistency with Planning

1. Substantive recommendation. HUD will assume with respect to highway projects having significant impact on the planning and development of urban areas, the same role as specified in D above with respect to mass transportation project approvals.

2. Implementation. There will be no reference in the Plan to HUD involvement in review of highway projects for consistency with comprehensive planning. The Message will refer to comprehensive urban transportation planning. A Memorandum of Understanding will provide for the details of review of these projects.

F. Technical Studies - Transportation Systems Design

1. Substantive recommendation.

HUD will retain responsibility for assistance under section 9 of the Urban Mass Transportation Act for studies or portions of studies of transportation systems design which provide a basis for decisions having an impact on urban environment.

Retention by HUD of the responsibilities indicated above will be provided for in the Plan, with further detailed arrangements in the HUD-DOT Memorandum of Understanding.

G. Highway Planning Assistance Programs for Metropolitan Areas

1. Substantive recommendation.

DOT will utilize HUD in the review of annual work programs developed by State highway agencies under section 307 (c) of title 23, insofar as these programs have an impact on comprehensive planning (including comprehensive urban transportation planning) in metropolitan areas. HUD will also review planning proposals and reports prepared by planning bodies in metropolitan areas. DOT and HUD will jointly develop standards and guideline for these reviews.

DOT and HUD would jointly develop criteria for urban transportation system planning. Section 701 planning assistance funds and the 1-1/2 percent highway planning funds will be made available to the extent possible for transportation system planning. (DOT will join HUD in urging appropriate increase in 701 appropriations to strengthen HUD to carry out its responsibility in this area. Meanwhile, in addition, DOT will make available technical personnel to assist HUD in meeting its responsibility under this provision.)

2. Implementation. There will be no reference in the Plan to HUD's responsibilities in the exercise of this function. The Message will allude generally to the HUD role in comprehensive urban transportation planning, and this responsibility will be further described in the Memorandum of Understanding. Consideration will be given to the use of the authority of the Economy Act under which DOT would utilize and reimburse HUD for performance of services.

H. Research and Development

1. Substantive recommendation.

HUD and DOT will develop, jointly, a program of projects and priorities for urban-related transportation research, development, and demonstrations. HUD will be concerned especially with (1) those portions of the program designed to reveal or evaluate the impact of transportation on urban areas and to delineate those general characteristics of transportation systems expected to have an important impact on the urban environment; and DOT, with (2) those portions which deal with component, sub-system and system development, engineering and testing. This will normally mean that DOT will have primary responsibility in the area of "internal systems and program effects and requirements", HUD having primary responsibility in the area of "external personal and community effects and requirements."

2. Implementation.

The Plan will specifically refer to the joint research program. The Plan will also reserve to HUD authority under sections 6 and 11 insofar as it relates to the matters described above as falling within the HUD area of responsibility.

(Note: It is understood that HUD will continue to undertake research and studies, under the authority of sections 1010 and 1011 of P. L. 89-754 and other HUD research and development authorities, in those transportation related areas required to assure that all of the social, political, financial, and other characteristics of urban living are given comprehensive and properly balanced attention. Further, it will make such studies as required to delineate broad transportation system characteristics so as to insure that those techniques, components, and systems developed by the Department of Transportation are appropriately related to the basic social needs of urban living.)

I. Relocation - Urban Mass Transportation

1. Substantive recommendation.

DOT will secure HUD concurrence in the criteria for relocation planning. DOT should provide to HUD at the earliest possible date full information with respect to relocation questions presented by any application and should not approve any relocation plan without HUD recommendations. The HUD involvement in project approvals should be treated as a formal step in the approval process.

2. Implementation.

HUD involvement will be pursuant to a general reference in the Plan to consultation.

4-
aj
REPORT TO THE PRESIDENT

ON URBAN TRANSPORTATION ORGANIZATION

PREPARED JOINTLY BY THE
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
AND THE
DEPARTMENT OF TRANSPORTATION

February 1968

FEB 8 1968

INTRODUCTION

On March 2, 1966, when he proposed the establishment of a Department of Transportation, the President said,

"The Departments of Transportation and Housing and Urban Development must cooperate in decisions affecting urban transportation. . . . The future of urban transportation . . . depends upon . . . rational planning. If the Federal Government is to contribute to that planning it must speak with a coherent voice. The Department of Housing and Urban Development bears the principal responsibility for a unified Federal approach to urban problems. Yet it cannot perform this task without the counsel, support and cooperation of the Department of Transportation."

The President proposed no precipitate change in Federal organization or programs assisting the development of urban mass transportation.

Rather, he announced that he would ask the two Secretaries to recommend, within one year after the creation of a Department of Transportation "the means and procedures by which this cooperation can best be achieved -- not only in principle, but in practical effect."

During the congressional hearings on the Department of Transportation bill, an Administration spokesman pointed out that

"Mass transportation is a very new Federal interest. Program decisions have impacts on interstate transportation and on national transportation policy as well as on general urban planning and development. Some of the effects are only beginning to emerge. The Federal mass transit assistance program consists of complex and interrelated functions which should be identified and analyzed before decisions are made on their final assignment, whether individually or as an entity, to the Department of Housing and Urban Development or to the Department of Transportation."

The Congress endorsed this view and provided in the Department of Transportation Act for a joint study and report to the President, for submission to the Congress, on the "logical and efficient organization

and location of urban mass transportation functions in the Executive Branch." (Sec. 4(g), PL 89-670.) Significantly, the Congress recognized the complex nature of urban transportation effects by asserting the basic objectives of any policy and program changes to be the development of urban transportation systems that "most effectively serve both national transportation needs and the comprehensively planned development of urban areas."

Shortly after the opening of the Department of Transportation on April 1, 1967, the Secretaries of the Department of Housing and Urban Development and the Department of Transportation began discussions looking to the organization of the joint study. Secretarial staff of both agencies were promptly assigned to lay out a program of analysis. Channels of communication were established with the Bureau of the Budget which has been advised periodically of the progress of the joint study. The Secretaries have met as necessary during subsequent months to advise staff on policy issues as they arose and on the direction and emphasis of staff effort.

CONCLUSIONS

The Secretaries have from the start been in complete agreement on the guiding philosophy of the study. The approach has been to test each possibility of change by the public interest criteria laid down by the Congress recognizing that the sine qua non of any reorganization of Federal mass transit programs was a reasonable expectation of improvement, and certainly no worsening, in the economic and social circumstances in which all Americans live.

It was recognized that no real distinction can be made between national transportation and urban transportation because transportation operations are inextricably related. Transcontinental rail and motor freight movements typically begin and end in city factories and warehouses. Intercity air travellers begin their journeys by automobile, taxi or bus from urban residence or office and end at downtown hotel or office via connecting surface transport -- often the most time consuming portions of their journey.

On the other hand, the key role of urban transportation systems in shaping the structure of cities and influencing the rate and nature of their growth -- and even more importantly the quality of city life as measured by noise, air pollution, vibration, congestion, inconvenience and impairment of aesthetic values and cultural amenities -- has long been recognized and is being given constantly increasing attention. Transportation can either support or obstruct the realization of urban goals and objectives to the extent that transportation investments are planned or not planned consistently with comprehensive urban development.

These basic positions and their implications led the two Secretaries to agreement on the nature and scope of reorganization. On balance, they dictated two major actions: (a) the transfer of the Federal mass transit operating programs to the Department of Transportation, and (b) the strengthening and extension both of the planning assistance and coordinating role of the Department of Housing and Urban Development.

The best means of achieving these two major objectives are quite different. The first, in accordance with the terms of the provisions of Chapter 9 of Title 5 of the United States Code, can only be achieved by Reorganization Plan. Major programs can not be transferred from one Federal agency to another except by Reorganization Plan or legislation. Experience over many years has demonstrated that a Reorganization Plan can not and should not attempt to unravel the tight and complex texture of existing statutes. The best plans are clear and simple and deal with basic shifts of programs. They have fixed statutory effect. The Reorganization Plan prepared for the consideration of the President and the Congress meets these requirements in all respects.

The second objective can and should be achieved through an administrative instrument, which can treat specifically and in detail the complex problems of Federal operations as they reach the level of standards, criteria, rules and regulation. Such an agreement is well suited to the precise definition of areas of responsibility, to the development of funding arrangements and to plans for interchange of technical personnel, all of which should respond to changing conditions as old problems are solved and new ones arise. Finally, there is already extant in the Department of Transportation Act (Sec. 4(g)) a strong congressional policy base on which a flexible administrative instrument for program coordination can be developed.

The two agencies have already begun the extraordinarily difficult task of developing terms of the many provisions of instruments of agreement that will be essential to the success of the reorganization at both Federal and local levels.

Obviously, this instrument of coordination must to a very great extent be in a continuing process of revision and adaptation.

The need for collaboration and cooperation has long been recognized by the predecessors of the two Departments, and general requirements for cooperation have been written into many statutes, notably Secs. 4(f) and 4(g) of the Department of Transportation Act. The need for practical but detailed agreements on division of responsibilities between the two Departments and on program coordination and cooperation will continue and intensify as urban areas grow in number, size and complexity -- even if the proposed reorganization and reassignment of functions were not to be effectuated. The prospect is that without the reorganization and administrative instruments for program coordination urban problems would become even more grievous. It appears that coordination of financial and technical assistance programs at the Federal level and, more important, effective planning and development coordination at the local level can be substantially facilitated by the proposed Federal reorganization and cooperative arrangements. In no event, however, should the difficulties be underestimated. Much must be done in terms of local government reorganization

and coordination upon which the Federal government can have only tangential effects before all desired benefits can be realized.

The remainder of this report is devoted to the development of the positions summarized above and to the presentation of background material summarizing current Federal programs providing financial and technical assistance to urban transportation facilities and services, and to related planning and research.

IDENTIFICATION OF FUNCTIONS

The first task of the joint study staff was to identify the "complex and interrelated functions" affecting urban transportation that were referred to during the hearings on the Department of Transportation Act. On the basis of a careful examination of existing Federal transportation programs (described in Appendices A and B), the study group initially recognized four major functions as being essential to the successful implementation of sound urban development and urban transportation policy. They are: (1) planning, (2) research and demonstrations, (3) capital investment, and (4) administration and operations.

It should be emphasized that most of these functions are not necessarily the direct responsibilities, and in some respects are not even indirectly the concern of the Federal Government. The Federal Government, for example, offers technical and financial assistance to State and local planning agencies, but it does not prepare plans for urban transportation facilities. The Federal Government does not presently participate in any way in the administration and operation of urban transportation systems. It can and does, on the other hand, perform transport research work, both through in-house and contract services.

Demonstrations are assisted both financially and technically, but not ordinarily performed by the Federal Government. In the case of the High Speed Ground Transportation Program collaboration is largely between the Federal Government and private industry, the railroads, rather than between the Federal and other governments. More will be said about this in the course of the discussion.

Rather than, the functions listed above are broadly conceived activities which must be carried on in our society to achieve almost every public purpose (and many private purposes). In varying degrees they are integral functions in providing education, defense, public health, welfare and recreation as well as transportation facilities and services. They may be performed by any level of government. In some instances they may be performed by private enterprise, or by government and business cooperatively.

It should also be noted that these functions are sometimes performed concurrently rather than sequentially -- often a cause of controversy and reduced effectiveness. Often also there is disagreement as to leadership, financing, the roles of different levels of government and of different interest groups -- particularly the citizens, the technicians and the elected officials -- in the performance of the various functions. To the extent possible some contribution toward the alleviation of these problems should result from Federal reorganization.

Further analysis disclosed that one of these major functions, research and demonstrations, is more commonly performed as an adjunct of the other three functions than as an independent activity or end in itself. Research is carried on, for example, on planning methodology and procedures and on planning organization problems and related intergovernmental relations issues. Research

and demonstration projects are also financed in connection with various aspects of capital investment including money market and financing problems. Finally, research and demonstration grants may be made to test proposed new or improved operating procedures and management improvement schemes. The untangling of these important relationships for reorganization purposes has proved to be particularly difficult for this reason. The problem is further complicated by laws authorizing financial assistance for the training of personnel who may ultimately participate in any of the major transportation functions at any level of government. Typically Federal transportation training grants are related to research programs or to the institutions carrying on urban transport and related research with Federal assistance. A few training programs, however, are conducted by the Federal Government for Federal and a limited number of other governmental personnel and relate to administration and operations rather than to research.

Further analysis led to the identification of three important sub-functions in the realm of planning. They are: (1) comprehensive planning, (2) systems planning, and (3) project planning. These distinctions are not inspired by desire for elegance in classification but were decided upon because they facilitate the resolution of reorganization issues which are central to the study.

In summary, four major functions and three main sub-functions have been established as a basis for rearranging Federal urban transportation responsibilities. They are:

(1) Planning

- (a) Comprehensive development planning
- (b) Systems planning
- (c) Project planning

- (2) Research and Demonstrations
- (3) Capital Investment
- (4) Administration and Operations

Each of these functions must be carried out if transportation facilities and services satisfactory in themselves and compatible with other public service systems as well as with comprehensive community development plans and objectives are to be achieved. Each of them, except for administration and operations in which there is presently no Federal participation, will now be treated in somewhat greater detail.

PLANNING

A. The Comprehensive Plan

To call out a confident commitment of public resources, an urban transportation program, like any other well founded and orderly program of public investment, should originate in and be consistent with officially approved and publicly supported comprehensive community development plans. The policy expressed in this statement has been repeatedly endorsed by the Congress. It is entirely consistent with the Workable Program requirements of the Housing Act of 1949; it was the rationale of the so-called Section 701 Planning Program of the Housing Act of 1954.

Recent reaffirmations of comprehensive community planning as a prerequisite of Federal assistance for urban development are to be found in the Urban Mass Transportation Act of 1964 and in Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966.

II. IDENTIFICATION AND ORGANIZATION OF URBAN TRANSPORTATION FUNCTIONS

An urban transportation program must begin with comprehensive urban planning -- the development and adoption of broad community goals and objectives toward the achievement of which all functions in the areas concerned are planned, installed, and operated and to which all project plans must conform. Urban transportation as one essential functional system in each urban area, must be consistent with these comprehensive plans. With respect to urban transportation (as with all transportation, whether privately or publicly sponsored, by whatever level or combinations of government) the Department of Transportation identifies the following basic functions:

- comprehensive planning
- system planning
- project planning
- research and development
- capital investment
- administration and operations

Each of these functions must be carried on to assure satisfactory transportation facilities and services, whether in urban areas, in regions or States or as an international activity. They must be performed whether the mode is railway, airway, or highway and whether the transportation is performed by private automobile or by public mass transit. It may be that other transportation functions will be identified when a detailed catalogue of activities presently carried on by DHUD and DOT has been prepared and analyzed.

As with any process whose functions are interdependent, the dividing lines between functions such as comprehensive urban planning, system planning and project planning are difficult to draw. The Department believes, nevertheless, that workable distinctions are of primary importance to the achievement of the congressional purposes for which the study has been undertaken. Indeed, the chronic failure to distinguish and separate these functions conceptually and organizationally is responsible for many present urban transportation problems and controversies. Upon these crucial distinctions must depend: (a) the major divisions of responsibility and the interrelationships between Federal agencies, between the Federal and local governments, and between the States and local communities, especially in metropolitan areas, and (b) the effectiveness with which each responsibility is carried out.

No matter how Federal programs of assistance to urban mass transit are reorganized they must be (a) clearly identified and treated at a very high level in the executive branch, (b) coordinated on an extensive and continuing basis internally and with other programs to assist urban development, and (c) administered consistently at both Washington and field levels of the Federal organization.

The following discussion attempts not only to identify the functions that should be performed independently but also attempts to explain the vital links between functions, especially between comprehensive planning and the subsequent planning of transportation systems and projects. It must be understood that extensive and continuing interchange of information and cooperation are essential.

A. Comprehensive Planning

The term comprehensive planning has sometimes meant detailed system planning for all subsystems, sometimes planning for all parts of a contiguous urban area. In this discussion comprehensive planning means formulation of basic community goals, objectives and policies in terms of which detailed system and project planning must be done. This is consistent with the definition of comprehensive development planning in Bureau of the Budget Circular A-80. It means decisions by local residents as to the styles of life they wish to live and consequently what kind of place they want their community to become. It means deciding on the kinds, amounts and quality of facilities and services to be provided and the standards, scheduling, and constraints to be imposed thereon. It means deciding whether, when, where and how much of something is to be done but not how.

Comprehensive planning includes land use planning and the formulation and adoption of policies to implement such plans, including decisions on the location of airports, transportation corridors, public parks, schools and hospitals, sewage systems, etc. The comprehensive planning process will entail surveys of existing land use (industry type, residential density, etc.) and also forecasts of future use, reflecting effective employment of zoning, taxing and other land use policy instruments. This planning also will require the most serious consideration of transportation problems and needs, since transportation decisions influence (often decisively) other location decisions, the overall design of the community, and the realization of community

goals and objectives.

Comprehensive plans must reflect evaluation of alternatives -- including alternative transportation networks and service levels. Similarly, comprehensive plans must involve consideration of available resources and priorities in their application. Continuing interaction between comprehensive planning and system planning is, therefore, essential.

Comprehensive planning of this order is not commonly achieved at the present time. Many important determinants of land use are not taken into account explicitly in the planning process at the local level. Despite the creation of metropolitan planning agencies through the 701 program, comprehensive plans seldom make explicit the application of general goals and objectives in terms of positive performance standards or constraints on external effects that are to be honored in subsequent system and project planning. The facts that a major source of comprehensive planning funds is the Federal-aid highway program and that subsequent highway investment expenditures are determined by State highway commissions are also not conducive to unbiased exercise of comprehensive planning at the community level. Until adequate funding is provided through the 701 program, however, intolerable delays and in some cases suspension of comprehensive planning would occur without the continuation of present aid from the Highway Trust Fund.

The Department believes that the comprehensive planning process should be under local control and that it should be carried on by a comprehensive planning agency -- areawide, whatever the area may be.

It believes that this planning agency should not have direct responsibility for any functional programs. This principle was recognized by DHUD's predecessor agency at the Federal level when it removed the 701 planning responsibility from the Urban Renewal Administration.

The Department conceives the comprehensive planning agency as a technical body and holds in consequence that its work must be controlled by elected officials and be subject to the review and approval of the local citizenry to whom these officials are responsible. The comprehensive planning agency would be expected to call upon Federal and other governmental agencies for information and technical assistance and should be required to consider regional and national transportation needs and objectives affected by local plans.

The Department concludes that primary Federal responsibility for technical and financial assistance for the comprehensive planning function should be vested in the Department of Housing and Urban Development. A greatly augmented 701 planning program will be essential to achieve this objective.

As part of its responsibility, DHUD should perform or contract for research on planning methodology, including efforts to identify the relationships between the urban environment and transportation activities; conduct or make grants for the conduct of demonstrations relating to comprehensive planning objectives; grant scholarships for

research, training, and other related programs is exceedingly difficult and left to the more flexible administrative agreements mentioned earlier in this report.

Briefly the areas of departmental interest and influence in system planning are: (1) all "external effects", i.e., the effects of transportation investment and operations on the structure, size, growth, and character of the community are matters of primary interest to the Department of Housing and Urban Development. External effects obviously include the problems of air pollution, noise, vibration, accessibility of employment, effects on land values and use and the impacts of transportation on other systems -- fire and police protection, education and recreation, water and sewer, recreation and welfare. (2) all "internal effects", i.e., the engineering, economic, and technological aspects of transportation systems are matters of primary interest to the Department of Transportation. Also included, however, are the effects of urban transportation systems on the nature and effectiveness of regional and national transportation systems. Costs, revenues, system management and operations as well as convenience, comfort, scheduling and the aesthetics of vehicles, etc., are all included in the internal effects.

The division of responsibility carries with it parallel divisions in research and training aids to be offered by the Federal Government.

At present, system planning in each urban area is conducted by complex working arrangements involving in varying degrees general local government officials, special authority officials, State planning officials, State highway department officials, and officials of DOT and DHUD.

Under these arrangements, urban highway proposals are reviewed by the Bureau of Public Roads and public bus transportation proposals are reviewed as a separate system by the Urban Mass Transit Assistance Administration. The compatibility of local projects, planned as segments of State and regional systems, with other community objectives and subsystems, is not determined until stages close to final project implementation, with controversy and delay a not uncommon result.

The Secretaries agree that more effective arrangements are needed and can be developed.

The uniform and integrated review of transportation system plans must precede approval of project plans. For example, alternative systems (e.g., buses on highways vs. rail transportation on private right-of-way) would be compared on their merits, both as intra-urban systems and in relation to intercity transportation. Transportation system planning must become one functional component in the further development of the comprehensive plan.

C. Project Planning

Project planning, as the term is used in this report, means the preparation of detailed plans, designs, drawings, specifications, cost estimates, and solutions of field problems involving engineering and construction techniques for specific construction projects. With respect to highways, for example, project plans include geometric design, route alignment within approved corridors, specifications and cost estimates; with respect to airports, project plans include the number and direction of runways, tower and hangar locations, and gates and other operating appurtenances as well as engineering specifications and cost estimates.

Locally, project plans should be prepared by the agency which is to develop and operate the facilities or services in question. Before transmittal to the Federal program agency, they should be submitted to appropriate local planning agencies for determination of conformity with community development plans. Plans involving projects that extend beyond the local jurisdiction would also be submitted to regional or State planning agencies for review. These project plans are the how of problem solving in the various broad areas of publicly sponsored activities -- transportation, education, urban renewal, recreation, etc.

Eligibility for Federal aid for all transportation projects should be determined on the basis of a uniform technical review by the Federal agencies providing assistance. This review should consider local preferences concerning design specifications as they are developed in the comprehensive and transportation system planning process. It should also reflect research developments as they occur, for example, in highway safety, air pollution abatement, and reductions in noise and vibration levels.

RESEARCH AND DEMONSTRATIONS

As already noted, research and demonstration activities tend to be adjuncts of the other major functions. Existing statutes are adequate authorization for federally assisted or directly coordinated research and demonstration projects bearing on every aspect of planning, investment and operations of urban transportation programs. This means the social and economic aspects of transportation as well as transportation technology and other "internal effects".

The major portion of these activities is related however to capital investment, closely related project planning and to the internal effects portions of system planning, and are appropriately assigned to the Department of Transportation. Nevertheless important needs for research and some need for demonstration aids bear on comprehensive planning and the community effects portion of transportation system planning. Meeting these needs should be the responsibility of the Department of Housing and Urban Development.

The precise division of responsibility, details of financing, the development of program criteria, and the coordination of joint or related activities should be worked out in administrative agreements between the two Secretaries or by other administrative devices such as Executive Orders. They will in any event be within the control of the President.

CAPITAL INVESTMENT

All Federal financial assistance for urban transportation capital investment programs would be located in the Department of Transportation.

Insofar as the problems of capital investment in urban transportation facilities and equipment at the Federal level can be solved by organizational changes, the Secretaries are convinced that transfer of the mass transportation grant and loan programs to the Department of Transportation will achieve the desired result.

Candor demands, however, recognition that some of the basic problems are not primarily in the realm of Federal organization. They arise from the nature of and differences among current statutory policies and programs. Extended study will be needed to evaluate the effects of differences in allocation formulae, cost-sharing ratios, authorizations and appropriations and other terms and conditions of capital

assistance on local planning and decision-making as well as on the competitive and financial viability of urban transportation systems. Under Section 4(g) of the Department of Transportation Act, the Secretaries are required to carry on a continuing review of urban transportation policies and programs and to report annually to the President and the Congress making recommendations for any desirable policy and program changes. This is ample authority to enable the Secretaries to undertake constructive program analysis and to develop recommendations for changes in Federal policies that will improve the allocation of Federal resources in transportation and their benefits and effects on urban development.

ADMINISTRATION AND OPERATIONS

At the present time there is little Federal participation in the administration and operation of urban transportation systems. Federal policy, both congressional and executive, is explicitly against Federal intervention in the administration and operation of local transportation services. As highway traffic management becomes more complex and to meet the existing operational complexities of public mass transit, the Federal Government may find it desirable to engage in operations research and management training activities. Present statutory authority for transportation research and for demonstration and training aids is broad enough to do this and to permit federally sponsored evaluation of the administrative and service practices of local systems. Departmental responsibilities can be worked out as the situation unfolds.

RECOMMENDATIONS

The specific recommendations coming out of this study are, of course, set forth in the Reorganization Plan to be submitted to the Congress by the President and in his

accompanying message. Their full implementation will be developed in various executive agreements now only in preliminary stages of development.

It is the intention of the Secretaries that these recommendations have the following effects and it is their strong conviction that these effects will in fact be achieved:

1. The powers and programs vested in the Department of Housing and Urban Development will adequately support the major urban development coordinating function assigned to that Department. By concentrating in DHUD technical and financial assistance for comprehensive planning, the recommended changes will strengthen that Department's capability for urban program coordination, including coordination of urban transportation programs.

The removal of operating responsibility for mass transit programs from DHUD, by reducing the Secretary's span of control and enabling him to concentrate on the enhanced coordinating responsibility described above, should increase rather than decrease the effectiveness of DHUD's coordinating role.

2. Assuming constructive local response, the recommendations will enhance the efficiency and effectiveness of Federal programs in aid of urban transportation. They will do this by regrouping the disparate elements of the present mass transit assistance program on a system basis. In this way DOT's expertise in systematic analysis of transportation problems can be employed most effectively. Rail transit programs likewise will benefit by integration with intercity rail transportation activities.

The consolidation of staff and funding for these programs at the Federal level should prevent duplication of activities and assure a more appropriate allocation of funds in accordance with the urgency and magnitude of problems in each program area.

The establishment of a coordinating function at a high administrative level in DOT should also make clear to local government officials that systems and project planning will be responsive to community goals and objectives, and that allocations of Federal aid will not be biased by modal programs since Federal aid in all modes will be controlled by one Federal department.

3. The recommended organizational changes will integrate all technical and financial aids available for urban transportation with those currently available to meet national transportation needs and will locate the responsibility in a major Federal line agency and on an appropriate modal basis. The improved coordination made possible by these changes should substantially increase the effectiveness of both systems and thus meet the first objective laid down by Congress in Section 4(g) of the Department of Transportation Act which is that urban transportation policies and programs be shaped to provide a maximum contribution toward meeting national transportation needs.

4. Assurance of the consistency of urban transportation system and project plans with comprehensive development plans, the coordination and approval role assigned DHUD for comprehensive urban planning, and the coordination in DOT of technical and financial assistance for urban transportation system plans and investment proposals should greatly increase the constructive contribution of urban transportation to the achievement of community goals and objectives.

These proposals constitute a consistent and thorough effort to overcome the aggravated discontent of many urban areas with what they conceive to be the arbitrary imposition of transportation subsystems by outside authorities. These proposals will tend to fix attention on this difficulty and should improve the local planning process insofar as Federal action can do so.

In summary, these changes, with a number of parallel changes in responsibilities and relationships at the State and local level should (a) balance program interests through the comprehensive planning process, (b) recognize the Department of Housing and Urban Development as the coordinating agency for all Federal programs affecting urban areas, strengthening the congressional policies expressed in the Demonstration Cities and Metropolitan Development Act of 1966, (c) consolidate all technical and financing programs affecting transportation in the Department of Transportation with a resulting increase in efficiency and economy, and (d) further structure Federal grant-in-aid programs for transportation to foster initiative and decision-making responsibilities in local agencies directly representing the area affected by federally aided programs.

UMPT
JUL 11 1968

MEMORANDUM FOR: John E. Robson
Paul L. Sitton
Frank W. Lehan
Gordon Murray
Langhorne Bond
Robert E. Barraclough

Attached is a draft paper developed as a result of our meeting last week on goals and criteria for UMTA. I would appreciate any comment you may have.

M. Cecil Mackey

M. Cecil Mackey

Attachment

MC Mackey:arb

cc:
Mr. Barber
File
Chron

URBAN MASS TRANSIT

Goals, Priorities, and Objectives

Summary

This paper sets down some initial thoughts on goals, priorities and criteria for UMTA, for discussion purposes. It identifies:

- A. Basic objectives of the Department which are pertinent to the UMTA mission;
- B. Possible program goals and priorities for UMTA in line with these basic objectives;
- C. Criteria that would flow from these objectives and goals.

Discussion

A. Objectives

The basic objectives of the Department, as promulgated by the Secretary in May, 1968, are:

- 1. Economic Efficiency in Transportation;
- 2. Optimal Use of Environmental Resources;
- 3. Safety in Transportation;
- 4. Support of Other National Interests, including such social purposes as improving the status of poverty groups.

All of these are applicable to the Urban Mass Transit Program.

1. Economic Efficiency in Transportation.

One of the basic rationales for Federal assistance to mass transit is its presumed greater economic efficiency, compared to private automobile transportation. Clearly, mass transit is technologically a more efficient means of transportation than private automobile,

with its capability to move large numbers of people rapidly. However, the determination of its relative economic efficiency must include consideration of consumer demands, since willingness to pay is a basic measure of economic benefit.

On the other hand, relatively low demand for mass transit is not necessarily inconsistent with the possibility that it is economically efficient, given the likelihood of (a) market distortions, e.g., through price regulation of mass transit, as well as Government subsidy to private highway transportation; and (b) externalities, such as adverse environmental impacts of alternate transportation systems, discussed below.

In this connection, an extremely important factor -- but one which is exceedingly difficult to measure -- is the relative efficiencies of transit-induced land use vs. automobile-induced land use. Again, the presumption is that the more dense land use development normally associated with transit represents a more efficient use of land than the dispersed pattern associated with automobile-oriented development.

2. Optimal Use of Environmental Resources.

This is certainly one of the major reasons for the urban transportation program, i.e., its less adverse impact on environmental resources than the impact on large numbers of highways necessary for the private automobile transportation system.

3. Safety.

Mass transit clearly supports this objective, inasmuch as it is much safer (in terms of accidents or fatalities per passenger ^{the} mile) than/alternative -- private automobile transportation.

4. Support of Other National Interests. The most directly applicable "other national interest" is the national effort against poverty, particularly since the poor and near-poor are relatively large users of transit.

B. Program Goals and Priorities

Program goals which might flow from the above broad objectives are discussed below.

In support of economic efficiency:

1. Transit viability. The federal program of assistance to mass transit was developed without a clear conception of what it ought to accomplish. The main force behind it was the idea that "something has to be done" to balance the vast sums of federal assistance going to highways. The program in operation, lacking any more clear-cut basic objective, has tended to become, at least in part, a bail-out operation for ailing transit companies.

In line with the objective of economic efficiency, this outlook should be shifted. An economically efficient system ought to tend toward self-support. Therefore, one of the basic goals of the program ought to be increasing the long-term viability of mass transportation. The program should be directed toward doing more than providing a one-shot capital in-put to transit operations.

At least a portion of the capital grant program could be tied to projects which, in/^{each}case, are part of a program leading to long-term self-sufficiency of the transit system involved. Some ways of increasing the likelihood of long-term viability are discussed later in this paper.

2. Efficient Land Use. One of the program goals ought to be the more efficient use of land, at least through minimization of land use for transportation purposes. Moreover, this is a particularly important problem area in light of the current trends -- in part automobile induced -- toward dispersed residential patterns coupled with increasingly dispersed employment opportunities.
3. Quality of Service. Basic to the concept of economic efficiency is the idea that the consumer determines what represents a benefit to him. In transit, studies have consistently shown that high on the list of consumer desires are such factors as trip time, reliability, and convenience of schedule. In general, overall quality of service is probably the key determinant of the level of consumer demand for transit (and more important than price). While the purchase of new equipment through mass transit grants may help achieve service improvements in these areas, it will not do so automatically.

Accordingly, a major goal of the mass transit program ought to be a maximum improvement in the quality of service in systems receiving project grants. Incentives or conditions could be imposed to assure that the grants improve the quality of service by more than merely the provision of newer equipment (e.g., by shorter head-times and pick-ups closer to more residences).

4. Concerted Approach. In order to maximize the efficiency of the transit system, all available tools should be brought to bear on the problem. This is particularly true inasmuch as part of the rationale underlying the transfer of the mass transit program to DOT is that mass transit is part of a single urban transportation system, and that the mass transit program should therefore be brought into the Department that provides Federal aid for the other elements of that system. In line with that rationale and the objective of economic efficiency, a major goal of the program ought to be a system approach to transit projects, and particularly the concerted use of other transportation tools in conjunction with the mass transit program. We have in mind the use, jointly with mass transit grants, of programs such as (a) fringe parking; (b) exclusive bus lanes, financed by the Federal-aid highway program (under more liberal guidelines than at present); and (c) special bus turn-offs and metering devices, financed by TOPICS.

In support of optimal use of environmental resources,

Some of the above program goals, particularly No. 2 (Efficient Land Use), are in support of this objective. In addition, another supporting goal would be:

5. Pollution control. Bus exhausts are a major pollutant, as anyone who has driven behind one can attest. New buses purchased with grant money should be required to meet strict anti-pollution standards. In addition, funds could be utilized to make improvements in existing buses to reduce their polluting characteristics.
-

In support of Safety. It is noted above, mass transit is much safer than private automobile transportation. A special program goal in this area is probably not necessary.

In support of Other National Objectives:

6. Urban poor. Improving transportation for the poor might be one goal of the program. Priority for projects directed toward improving service to ghetto areas is one example of what could be done in this area.

The above comments have been directed explicitly toward the large capital grant program. However, the same foci of attention could apply to the Research, development and demonstration program.

There are two other points that merit attention regarding the latter program:

1. Strategy of analysis. During most of its existence, this program responded to requests for demonstration grants, rather than playing an initiating role. In the past year or so, an effort has been made to make a more positive approach. This newer trend should be emphasized and an overall strategy for analysis should be developed, based on priority areas of interest, such as those discussed in the body of this memorandum. Specific projects should then be sought to illuminate the areas of interest. Also, more uniform data should be collected from all new projects.
 2. Analysis of the transit problem. The program to date has largely supported demonstrations of various transit improvements, without seeking to determine the fundamental causes of the transit problem.
-

As a result, there is the danger that we may be treating the symptoms, rather than the causes. A major effort should be undertaken to improve our understanding of the causes of the transit problem. A greater amount of academic research (for which the program has authority) might be warranted. Such questions as the possible underpricing of transit might be explored, and how to treat it while still meeting social goals with respect to the lower income groups.

C. Criteria

Criteria should flow from the above objectives, goals and priorities. Possibilities would include the following:

1. Transit viability: increase in ridership, increase in revenues;
2. Efficient Land Use: decreased use of automobiles, qualitative evaluation of impact on land use;
3. Quality of service: Average trip time, average head-time during peak hours, distance to walk for average rider, hours of service, comfort of ride;
4. Concerted Approach: qualitative evaluation to assure maximum use of other tools.

Environmental Resources:

5. Pollution Control: amount of decrease in pollutant expelled into the environment.

Other National Objectives:

6. Urban Poor: Improved services to poor areas, increased number of poor riders.
-