

**Statement of
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Before the House Committee on Transportation
and Infrastructure
Hearing on
“The Impacts of State-Owned Enterprises on
Public Transit and Freight Rail Sectors”
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INTRODUCTION:

Chairman DeFazio, Ranking member Graves and honorable members of this committee – it is a genuine honor to join you today at this important hearing.

Having grown up as a child in the Mid-West and specifically in public housing on the South Side of Chicago – I have great respect for America’s tremendous manufacturing history and the path – the ticket - to the middle class that history provided to millions of hard working Americans. We are thrilled to be here and happy the committee has called this hearing. Today

there is not a single American manufacturer of mass transit railcars and that is certainly an issue worthy of congressional consideration, deliberation and action.

While growing up as a kid in Chicago in the 1970s – I wasn't aware that about 130 miles south of my home – over a century before – America was designing and producing mass transit rail cars in the town of Bloomington, Illinois. In this American town, workers began building - in 1859 - the iconic Pullman coaches, which were made at the Chicago and Alton shops by workers who literally built our growing nation. Years later, the company would set up shop closer to Chicago within 5 miles of my public housing project – in a town aptly called Pullman – where thousands of Americans would spend decades building mobility for our nation. I should also add that at one time – the Pullman Company was the largest employer of African Americans in the United States – where - as porters (my grandfather and late pastor were Pullman porters and worked primarily for tips) – they organized themselves as the Brotherhood of Sleeping Car Porters under the leadership of A. Phillip Randolph.

TRANSIT RAILCARS – NO DOMESTIC MANUFACTURER

Today, for reasons that are both very complex and very simple – there are no American manufacturers of mass transit railcars. So as was clearly explained in a smartly worded Eno Center for Transportation report entitled, The Implications of the Federal Ban on Chinese Railcars, – “the companies that build transit railcars and sell them to public transit agencies are all foreign-owned companies with assembly facilities in the United States.” And as members of this committee are well aware – there is a large delta between the benefits of simply assembling rolling stock in the United States as opposed to manufacturing rolling stock in our nation. To be clear, when we lost our manufacturing base we also lost our leadership in the design and innovation realms to foreign manufacturers.

I say the reason is complex because I am convinced that the absence of a domestic transit railcar manufacturer is directly tied to both the intense competition of the global marketplace and government actions that have created an uneven playing field for rolling stock firms – leaving some at a clear disadvantage.

That said, I also believe that the lack of any domestic manufacturer has taken place because of an absence of federal, state and local rules and regulations that prioritize a dynamic and competitive environment for the

emergence of an American transit railcar manufacturer. In effect – we have no American-owned Pullman’s today because we have failed – in my opinion – to create the economic environment in which a new Pullman-like firm – American owned – would prosper in a truly free, fair and open marketplace.

For Los Angeles Metro, our most recent rail rolling stock procurement was held in line with all current federal rules and resulted in a contract being awarded to the China Railway Rolling Stock Corporation (CRRC). We entered into a contract on March 10, 2017 to purchase sixty four new heavy rail vehicles for our growing subway system – with five additional options for another 218 subway cars. The shell for these railcars will be made at the CRRC’s facility in Changchun, China and its assembly would be done in Springfield, Massachusetts. Work on the assembly of propulsion systems, HVAC and lighting components will be performed at a facility in the City of Industry – which is situated in Los Angeles County. In total, our agency is spending a combination of federal and local funds in the amount of \$647 million for this procurement.

MILITARY PROCUREMENT – THE APACHE HELICOPTER

As a U.S. military veteran – who enlisted in the U.S. Army as an eighteen year old and retired as a Command Sergeant Major after twenty five years of

service – I would like to share the following observation. Wherever I was based – either at military facilities across America or abroad – the Apache helicopter was synonymous with our branch of service. And, if we look at where this attack helicopter is manufactured – it is not abroad – it is in Mesa, Arizona.

There in Mesa – over 4,000 Americans are building the Apache – and perhaps just as importantly – there are over 500 suppliers to Boeing’s plant in Mesa – parts suppliers who employ thousands of Americans. And just over two years ago – in March of 2017 – the U.S. Government entered into a five year \$3.4 billion agreement with Boeing to construct many more Apaches – ensuring continued employment for hard working Americans.

LOS ANGELES METRO – ROLLING STOCK INDUSTRIAL PARK INITIATIVE:

Like the Boeing plant and the base of suppliers surrounding it - in and around Mesa, Arizona – I have outlined a vision to my Board of Directors to create in Los Angeles County a one of a kind center for the manufacturing of rolling stock in the United States – as opposed to many facilities in the United States – where rolling stock is simply assembled – not manufactured.

With support from the County of Los Angeles, the City of Los Angeles and other municipalities, our agency has taken the initiative to host several roundtables – including one last year with Chief Executive Officers of major rail manufacturing companies around the world and a second gathering held at our agency on April 2, 2019 with major bus and rail suppliers.

The goal of these two gatherings was to collect the information necessary for our agency to smartly move forward – with dispatch – to identify a location in Los Angeles County that could serve as the home to a future rail/bus manufacturing center. And related to the manufacturing part of this effort – I also want to emphasize and make clear that my goal is to see the associated design and innovation related to rolling stock occur in the United States – much like in the automotive realm, where southern California is the center for the design of automobiles produced here in the United States and around the world.

This future manufacturing center in Los Angeles County could also serve the growing mass transit rolling stock needs for agencies across the Western United States.

The motivation for my initiative is clear. With LA Metro slated to spend over \$400 billion over the next four decades on mobility in our region – we

must make sure that the benefits of our spending – which in our case is 82% - or \$350 billion - from Los Angeles County residents – stays local.

So for those on this panel who believe in states' rights and local control – my initiative for this future rail/bus manufacturing center is to make sure our local funds have a local benefit – without rules that – for example – prohibit us from hiring locally and giving preference to local manufacturers when we procure rolling stock – especially when a majority of the funds being spent come from the residents of Los Angeles County's 88 cities.

And for others on this panel – who are squarely focused on bringing good paying manufacturing jobs back to America - my initiative aims to do just that – offering a welcome ticket to the middle class that I touched on earlier in my testimony.

CONCLUSION:

Chairman DeFazio, Ranking member Graves and honorable members of this committee – on behalf of the Los Angeles County Metropolitan Transportation Authority – I want to thank you for giving us this opportunity to discuss our views on the critical subject raised by this hearing.

I look forward to returning to this committee in the coming year to share some very positive news on LA Metro's effort to bring back the manufacturing of mass transit rolling stock to America. With leadership, focus and a little help from Congress – I am convinced that the golden era of manufacturing mass transit rolling stock in America is ahead of us.