

RICK MATOON: Hello, everyone. Good afternoon. Sorry to interrupt your lunch. Please keep eating, but we'd like to get to our keynote speaker.

So my name is Rick Matoon. I'm the vice president and director of regional-- director of regional-- I'm taking Wesley's title. I'm the regional executive at the Detroit branch of the Federal Reserve Bank of Chicago. And I have the distinct honor this afternoon of introducing our keynote speaker, Dr. Joshua Schank.

I have to say that this is really a unique opportunity. Because one of the things, in talking to Josh earlier today, is he mentioned that he actually went to high school in Chicago. So I wasn't able to convince him that this is normal weather for us in April in Chicago. I tried to get him to move from LA.

But he also has worked on both the East Coast and the West Coast and has stopped in Chicago. So truly of, probably, every one of us who's in this room, we can say we have somebody who is truly-- has a national perspective in mind because he's experienced transit systems and experienced different urban places throughout his career. Josh is a managing principal of InfraStrategies. In his current role, he leads a transportation and infrastructure practice that focuses on innovation, strategy planning, and technology.

He is also a senior fellow at the Institute for Transportation Studies at UCLA. Dr. Schank previously served as the first ever chief innovation officer for the Los Angeles County Metropolitan Transportation Authority. In this role, he launched numerous innovative transit projects, including Vision 2028, the strategic plan, numerous public-private partnerships, mobility on demand research, and traffic reduction studies, to name just a few.

Dr. Schank has held numerous other transportation leadership roles, including serving as the president and CEO of the Center of Transportation in Washington DC. Dr. Schank holds his PhD in Urban Planning from Columbia University and a master's in City Planning from MIT. Please join me in welcoming Dr. Schank, whose remarks are, The Future Of Mass Transit, Which Problem Are We Trying To Solve?

[APPLAUSE]

JOSHUA SCHANK: All right. Thanks so much for having me. I really wanted to start by making sure that you are not too jealous of Los Angeles. I heard some drooling over the Los Angeles numbers-- finances today. And LA's transit network-- and you should be jealous, by the way, of Los Angeles, but not of the transit system.

You should be jealous of the fact that I spent this winter skiing and surfing and hiking. But you should not be jealous of the transit system because, even though we are, fiscally, very solvent, the-- and we have a triple-A bond rating and people will lend us money, the system is not working very well and people are not using it. And the people who are using it, are very low income and are facing lots of crime on the system.

So I think the reason I wanted to start with that is that the point of my talk is to talk about, well, what problem are we trying to solve? If you're trying to solve the problem of fiscal solvency, LA Metro has done a great job. But if you're trying to solve the problem of larger problems that mass transit, often, is tasked with solving-- many of which we've talked about today-- it's not.

And I was also struck by the fact that the report was titled *Transit Is The Answer* because this whole talk is about, well, what's the question, right? Because the answer to what the answer to life, the universe, and everything might be 42, but we have to know what the question is, for all those Douglas Adams fans out there. You have to know what the question is, if-- then the problem is that you're trying to solve.

And I heard Georgia say this on the last panel-- she's the first person to say it-- which is, what problem are we trying to solve? That will help lead us to the answer to the question. And in fact, as chief innovation officer of LA Metro, this is mostly what I did within the agency. I went around to different people and I said, what problem are you trying to solve? Now let's see if we can do [AUDIO OUT].

Because people just kind of go about their day and think, well, I'm supposed to do this. And well, why are you doing that? So let's go through some of the problems transit to solve. We talked about this a lot already today. But obviously, the issue of traffic congestion is one that transit is often asked to solve.

Historically, doing a terrible job of that, right? In fact, I remember when I was in grad school, reading Alan Altshuler's book that was written in 1979, that explained why transit doesn't do a good job of reducing mass-- reducing congestion and the reason it didn't do a good job. I think you're all familiar with the concept of induced demand. When you-- even if you get that person off the road and into a mass transit vehicle-- so you can think you're going to drive faster. Wrong.

There are more people waiting to drive, who hadn't been driving before, who are now going to take up that spot. And the reason is that driving is underpriced. And as long as driving is underpriced, that's going to continue to happen. Traffic congestion will not be solved by transit. It can provide an alternative to traffic congestion-- as I understand, the blue line will this summer-- but it doesn't mean that traffic congestion will be alleviated.

Second, climate change. Do we realistically think that transit is going to solve climate change? I mean, transportation is a significant contributor, but again, if people are switching to transit and that only encourages other people to drive in their place, you're probably not even reducing emissions.

The focus on electric buses, which we've already talked a little bit about today, is a great example of, well, fixing a problem that didn't need to be solved. You're talking about trying to electrify a bus fleet that is a very small fraction of the contribution to climate change at an enormous cost to transit agencies that are already struggling. So why is transit being asked to deal with climate change, which is way too big of a problem?

Transportation Safety. This is often cited as a reason why people-- if we have more people on transit, than there are fewer automobile accidents, fewer crashes, fewer deaths on the road. But of course, that only works if there are also safety measures put in place on the roads that reduce speeds and reduce those crashes. Transit, by itself, can only help to the very small extent in solving this problem.

Social and racial inequity. I mean, talk about large problems that we're asked to deal with. In Los Angeles, this is very prominent. I spent first 40 years of my life on the East Coast and I was so struck by how much people explicitly talk about race and equity issues in Los Angeles. This very much comes up at every meeting you ever go to.

And you can talk about it very explicitly, but you can't expect transit, which is a transportation mode, to solve that problem in any realistic way. And then, of course, the most prominent now in the news in Los Angeles-- and of course, in many other cities-- is this issue of homelessness. As if transit has-- why is it that transit has to deal with the fact that there's a huge homeless crisis?

The homeless crisis affects people who are saying, well, I don't feel comfortable riding transit. I don't want to ride transit because it's too many homeless people using it as shelter. But how can transit realistically be asked to solve what is really a housing crisis? And these are just a whole list of other problems that, if you ever worked at a transit agency, transit might be asked to solve. I'm not going to go through those, but that's what we are asked to do.

So how are we doing at solving these problems? I think there was a graphic this put up earlier. This shows ridership, and this is national. And all of those problems that we're asked to solve are contingent, to some degree, on more people riding transit, right? If more people ride transit, at least you can say, well, there's some contribution to those problems that is alleviated.

But more people aren't riding transit. Now, you can look at this and say, well, actually, before the pandemic, things were ticking up a little bit, was looking good. Well, I hate to burst your bubble, but if you look at the per capita ridership on transit, we're really-- haven't seen much change, even pre-pandemic. So even if we were going to get back to the pre-pandemic levels-- even if that were a realistic scenario for public transit-- it's not going to solve any of those problems. You're not even coming close.

In order for transit to really make a dent in those problems, it would have to have a ridership growth that is probably not only unrealistic, but certainly not achievable in the current environment of post-pandemic work patterns that we heard a lot about today. So that said, there are opportunities for change now because of the fiscal crisis and we've alluded to this several times. I was very struck by what the Senator had to say because he talked about the fact that funding could either should be tied to structural reforms, innovation, and services.

And that is an opportunity to really change what transit is. And I wrote an article with my colleague Emma Huang that you should all check out about these three potential options for what transit could be in the future. If this is the opportunity to reshape how transit agencies behave and what they're about and what their goals are, then here are some options to consider.

So let's see. What if transit was more like a business? We heard a little bit of reference to this today. Obviously, transit used to be privately run. There's a reason it isn't anymore. And that reason is that it's very difficult to operate transit as a business. But that said, there are some benefits to thinking about what would it look like if transit were operated as a business and how could it help better orient transit towards a specific goal?

So for example, if you were able to charge fares based on what the market would bear, rather than based on trying to say, well, we have to keep the fares low because low-income people need to ride transit. So the way that would work is you would say, well, the transit operator is going to charge fares at whatever it wants to. And if we care about subsidizing low-income people, that should come from a different agency or different government entity that wants to subsidize low-income people.

That is a very reasonable solution. Why is it transit's responsibility to deal with the larger inequities in our society? That should be a larger state or municipal issue and transit could then focus on doing what it actually can do well, which is to run public transportation services.

It also would avoid this problem of subsidizing people who don't need it. We keep transit fares low in part because we say, well, we want to encourage people to ride transit. And so even if they can afford a higher fare, we want to make sure that we keep it low because we're providing the incentive to get people off the road. This gets rid of that and says, no, this is a service. You're going to have to pay for it.

If you don't want to pay for it, that's fine. You can use alternatives. But we're going to charge what the market rate will bear. The general thinking here is that the agency is really operating as a contractor for the social objectives you want to achieve. And capital construction will be undertaken based on market need.

I can assure you that the way capital construction is undertaken in Los Angeles now is not based on market need. It is instead based on the elected officials, who all gathered together and said, well, what projects would we like to have and let's throw it into a ballot measure and get people to pass them. And those projects do not necessarily achieve any of the goals that we outlined earlier because they are meant to bring home funding for the specific projects.

So one way to deal with that is to move towards saying, well, let's have capital construction based on market needs. One of the things we talked about earlier in this conference is, well, how do you sell transit? How do you sell it based on-- well, we sold Measure M in Los Angeles in 2016, which required a 2/3 vote. And it was a sales tax initiative for a permanent \$0.01 sales tax to fund transportation in LA County.

We sold that based on what would reduce congestion. Of course we did. It's LA, that's how you're going to sell it. Was there any realistic scenario under which those projects would reduce congestion? No.

[LAUGHTER]

But that's how you get-- when you base your transportation policy of what you can sell to the public, you're not necessarily going to get the outcome that you want to achieve. And that is unfortunate scenario. Under this scenario, where transit is operating as a business, you could really focus on the larger goal of attracting customers, getting people to ride transit, making it work as well as you possibly can. And put aside all the other social objectives. Let those be funded elsewhere, that's the idea.

The general thinking is it could, potentially, increase ridership, which of course, would lead to a lot of the other goals, but would not be the focus. Not saying we're just going to reduce congestion, we're not going to-- it's just we're getting people to ride our service, like most businesses do. One of the things that often frustrates me, as I do travel around the country a lot, is transit is one of the only services that when you get to a city, you have to then figure out how to use that service in that city, right? I got to get the card-- the special card for this special transit system in this city. And then you got to figure out, OK, where does it go?

In most services, you don't have to worry about how do I get lunch in Denver? You get lunch. But you have to worry about how you use transit. And then-- but the problem with this strategy, as I'm sure many people would recognize, it is very challenging to execute. Because you're essentially-- you're throwing out a lot of the coalition-- the political coalition that has supported transit.

You're saying, well, forget about that coalition. Forget about the environmentalists and the people who hate traffic and the people who care about equity. We're going to throw away that coalition. We're going to start over and say, this is a transportation service and we're going to try to make it as good as we can. And you're, of course, less likely to achieve social objectives when they're not woven directly into the fabric, so those are the drawbacks.

Now, what about transit as a public service? This is another option that I know a lot of people hate. But I think it's worth considering because there has been a lot of discussion, especially lately, about the issue of equity and the fact that we have such a divide in our society between people who have-- especially very stark in Los Angeles-- people who have cars and people who don't have cars. And in Los Angeles, the difference is astounding.

Because you might think, well, it's great that you have all that wonderful weather. And yes, you like that weather, until you're standing at a bus stop in 100 degree heat wondering when the bus that runs every half an hour might actually show up. And meanwhile, people in cars are zipping around, getting everywhere. The congestion might be bad, but it's not that bad.

I've got rides from my home in LA that take 5 minutes by car, that take an hour by transit. That's just the reality of it. And you're walking on streets that are unfriendly to people. And in many ways LA is emblematic of a lot of the country that way. I know we're in a place that is very urbanized and relatively pedestrian-friendly and transit-heavy.

But most of the country is not like that. Most of the country is more like LA and trying to put a transit system on top of that faces many, many challenges. But if you think about transit instead as a public service, then you kind of directly hitting at the issue of equity. You're saying, you know what? Equity is our top issue. Let's try to get at that.

And that's-- we have lots of examples of public services, right? We all use libraries, and fire departments, parks. They don't charge fares. They're not sitting there trying to worry about how do we make sure that we deal with climate change. They are public services that people need.

People need transit, as a service. And also, you notice that when you go to libraries, you don't, in general, in Los Angeles at least, you don't have to worry about crime. You don't have to worry about is it going to be a pleasant experience? It's taken care of. Things are dealt with.

And you could have the same idea for public transit. And that eliminates this concept of financial self-sufficiency. The crisis we're talking about now here and in most places around the country is a constant crisis that transit has been in ever since it went to the public sector. It's just been in that every single time. There's constantly worry about, where is the money going to come from, how are we going to get through this crisis?

Well, that's because there was this time when transit was self-sufficient. And somebody referred to, well, in Hong Kong, it still is self-sufficient. Yes, there are examples where transit can be self-sufficient. It is very rare and very challenging to achieve. Much more accurate is to say, this is a public service that we all benefit from and all of us should contribute our tax dollars to it. And it should be free and it should be used by anyone who wants to use it.

It's also very much moving us away from this idea that ridership is the goal. That we all have to make sure that we get more and more people on transit for it to be successful. It can be a goal. You might get more riders under this scenario. But the goal here is to provide the best possible service to the people who need it most.

Focusing on that goal might actually achieve something. And it's very consistent with this idea of universal basic mobility, which is something that I like a lot. Universal basic mobility says, well, everyone is entitled to be able to move freely. And the fact that don't have the resources to do it, shouldn't prevent you from it. And that's pretty critical to our society, where we consider ourselves one of the places in the world where everyone can accomplish anything.

Anyone can accomplish anything and everyone has equal access to opportunity. May not be true, but it is certainly the dream that we all, hopefully, share. If you want to have that, universal basic mobility is something that can potentially achieve it. And transit is a part of universal basic mobility. It's not that you're saying, well, anyone who can't afford a car, you just have to use transit, that's it.

No. There is a whole array of transportation options that we could potentially provide to people, including public transit, that are alternatives to private vehicles, including rideshare, including scooters and bikes, including van pools, including carpooling. There's lots of ways to do it. But what this does is it moves us away from thinking, well, these are solutions to congestion or climate change and instead thinking, this is really about providing equity.

Now, of course, transit as a public service, I do think it would improve equity outcomes. And it admits, explicitly, what the purpose of transit is by going right to equity. But it does have this other drawback-- the other drawbacks, similar to the last idea, which is that it does forgo that traditional transit coalition.

Now we're talking about a coalition that's much more based on who needs help in society? Helping people who are worse off. But in LA and in most of the country outside of Chicago, New York, and a few other places, that is who's riding transit. The average household income on LA Metro is about \$20,000 a year and that is one of the richest places in America.

It is a County of 10 million people. It's bigger than 42 states and we only have less-- we have less than 1 million riders a day now. We have about 800,000 people riding a day. So what does that tell you?

That tells you that anyone who can buy a car in LA and in most of the country, as soon as they can afford to do it, they're going to do it. This goes right at that. It says, we get it. So let's focus on that as what we're trying to do.

And then the third option is to start with the funding source. We heard a lot about how transit's funded here in Chicago and in other places. And if we really boil it down, how is transit funded? Transit is funded by whatever you can find that people will accept, right? That's how transit is funded.

Well, there's a problem with that approach. The problem with that approach is you get a system that is meant to accomplish way too many things and is unlikely to accomplish any of them. So what this says is, well, let's instead focus on funding sources that will be directly related to what the transit is supposed to accomplish.

So if you care about congestion, related to congestion. You care about environment, related to environment. You care about both of those things, do both those things. Sales taxes, I have to say, after living and working in Los Angeles for the last seven years, just don't work. They don't work to-- I mean, they work in raising money, but they don't work in actually accomplishing the goals of transit.

They are regressive. They are-- they might be more stable than a lot of other sources, but because of the nature of sales tax agreements, you're going to wind up with a lot of pork in those budgets. And there's a lot of wasted money. And there's a lot of things that are not effectively funded.

The Federal system of funding-- which I also worked at the Federal level for many years-- is very abstract and not very well related to the use of the system. A lot of the Federal money goes to capital, goes to, as we discussed, it goes to building new stuff. And it is not directed towards the actual goals that you might want to achieve.

When I was in DC, I tried to work to say let's have the Federal program based on performance outcomes. Let's move it towards those outcomes that we actually care about and give out Federal money on that basis. We didn't get very far with that because people want to say, I brought home this project from my district and that's how they look at transportation as being useful to them. But as long as the Federal money is abstract and not related to use, then we're going to have trouble accomplishing the purpose of transit.

So funding sources that are related to the actual purpose do help create accountability. People, when they're paying Social Security, they might not like it, but they know that there is going to be a potential benefit somewhere down the road. When you tie things directly to what their purpose is, then there is some greater acceptance. I think we heard the Senator say something like that earlier today, when he said, look, if you just tell me what I'm going to get for this money, then I'm going to-- I'm more likely to support it.

You could conceivably say, hey, we're putting in congestion pricing and what you're going to get is you're going to get less congestion. That would be a real selling point. I heard a lot of negative stuff about congestion pricing and I have to rebut it a little bit today. Because people think congestion pricing is a stick. Congestion pricing is the carrot. Congestion pricing is the best thing that would happen to drivers. People hate it because they haven't had it yet.

Have you seen people remove congestion pricing in Stockholm, or in London, or in Singapore? No, because they have it and it works and they like it. So the reason that congestion pricing is not popular is because it hasn't been tried yet. Also, I heard a lot of concern about, well, we can't do congestion pricing because people-- we can't cordon off downtown. That's-- people aren't coming to and from work. That's not what the community is anymore.

Right. People are traveling in very different patterns now. We shouldn't do traditional congestion pricing as a core of downtown. That doesn't make any sense. But in Los Angeles-- where we did explore and still are exploring congestion pricing-- because there's no hub, we're looking at many other potential forms of pricing that could potentially reduce traffic and provide funding for transit.

Congestion pricing reduces congestion. If you care about equity, look at a wealth tax. A wealth tax is a great way to improve equity. You could use that to fund transit. And I heard a lot of bashing of the fuel tax too. Yes, it's true that fuel tax is diminishing in its returns, but there's a lot of gas being consumed, I can assure you. And there's still a lot of money to mind from that.

And OK, so maybe it's not a fuel tax. But maybe you could have a green zone, for example. That's something else that's been done in London. A green zone not only says, well, if you want to drive in the zone, you have to pay, like congestion pricing. But also says, you're paying based on how much you're contributing to emissions. So dirtier cars get taxed more.

Yes, that does create an equity challenge and yes, they do balance that out by providing support for people who want to upgrade their vehicles and reduce emissions. So there are ways to create funding sources that are more directly related to the goal you're trying to achieve. And that can help transit focus.

So again, the benefit is to say, OK, policymakers, you want to have funding source? Well, let's tie that funding source to what you're actually trying to achieve. Another one that we talked about in LA-- that immediately got shut down by our Government Affairs people, but I think is still worth exploring-- was the vehicle registration fee. Vehicle registration fees are something that people pay and are used to paying and that could be a great way to fund mobility for people who don't have vehicles.

And you want to get at equity directly, charge it based on a percentage of the cost of the vehicle. You want to have a Rolls Royce? Fine, but you're going to have to pay a little bit more for your registration that can go towards people who don't have cars. The drawbacks of-- again, difficult to implement. Obviously, changes the nature of the political coalition you're trying to build.

But in some ways, it's a little bit easier because-- I know this sounds naive but, you're being honest with people about what they're going to get, right? I mean, you're saying you care about climate change? Here's something that's not only going to reduce climate change meaningfully, but is also going to help build the transit system that will provide you an alternative to driving your gas-powered vehicle.

There are lots of ways to sell these things, honestly. We've just been afraid to do them. It does require a realignment of interests, but I'm optimistic that it's something we can do. So to sum up and then I'm happy to take questions, the transit trends of the last several decades are not that different. COVID just accelerated them, right?

We heard about the trend that, well, more and more trips are not during the peak and more and more trips are not city to suburb. That's been going on for years. I learned about that in grad school in 1999. There's been a consistent problem, which is that transit is really bad at solving the challenge of how to get people from places that are not city to downtown, downtown to-- a suburb to downtown, downtown to the suburbs.

That's the commute and all other trips, transit has foregone even trying to deal with them. Well, then that's not surprising that we would be failing because that trend was just accelerated by COVID. More people are traveling now. Just fewer of them by transit. If that's the case, then you have to think about, well, how are you going to have those people who are traveling more pay the true cost of traveling?

So we can't continue down the same path and expect different results. I mean, this is not sustainable. It has not been sustainable for some long time. It's just now it's coming home to roost because of COVID and because of the fact that there was this huge Federal bailout and we're all staring down the fiscal cliff. And I want to say again how much I appreciate that this conference is being honest about that and about the fact that this is actually happening.

I was at the APTA conference last year and I thought people were like, blinders on, like, oh, everything's great in transit. Woo. Everything's not great. Everything's not great. It has to be dealt with and it's so good that we're starting to think about, well, what is the different path? Because this path is not working.

You know, I was reminded-- I think this is a big baseball town, right? Look what happened with baseball this year for those who have been following. Everyone was so scared there's going to be huge changes to baseball. Everyone's going to be so-- they've been great.

Everyone loves the changes. Because there was a-- the game wasn't working. It was boring. And now they made the game interesting again. And I'm a huge baseball fan. I went to-- I used to go to old Comiskey and the new Comiskey all the time. But it got boring. And so they made those changes.

And just like what happened in Stockholm, when they introduce congestion pricing, they put it in. Before they put it in, everyone was very worried. After they put it in, they loved it. Same thing is true with transit. We can't just keep doing the same thing and hope that it's different.

And in that sense, I think, my last point is, if you're a leader in the transit space, the best thing you can do-- and this is a lot of what we do at InfraStrategies is helping people clarify what is your mission? What are you trying to achieve? What is your goal?

Because a transit leader or leader in the transportation space who knows what they're actually trying to achieve and what they care about is far more likely to be successful. I know that seems obvious, right? But it's far more likely to be successful. So often, we come into these agencies, we're doing their strategic plan. I'm doing the strategic plan for several agencies right now. And we say, well, what is it that you want to achieve? And they can't tell you.

Because they have this money that's coming in and they have to spend it on this and they're worried about this project. And they're worried about that. There's going to be snowstorm and they have to deal with the buses. And then they have a worker shortage.

Yeah, I get it. I get it. But taking that five minutes, or a larger part of a year, sometimes, and really thinking about what it is that you're trying to achieve, what you want to do, as a leader in the transportation space, really makes a huge difference. So thank you for having this conference for allowing us to do that.

[APPLAUSE]

RICK MATOON: Thanks, Joshua. We do have some questions coming in. I'll remind everybody to use Pigeonhole if you'd like to submit a question right now.

So the first question that came in-- and this is probably to put you on the spot-- so you had three strategies. So if I made you czar of all transit systems, which of the three strategies would you actually embrace?

JOSHUA Just for the record, I would welcome that position.

SCHANK:

[LAUGHTER]

So now, I think it seems-- I hope it was obvious that my favorite one is the third one. And that's because I believe very strongly-- and I'm not an economist, I swear. I'm a planner. But I sometimes play an economist.

You know, my favorite thing about economists is they often say, well, that works in practice, but what about in theory? And that's the--

[LAUGHTER]

This is, to me, funding, this has been proven in practice. This has been proven to work. If you tie funding sources to the thing they're trying to achieve, they're much more likely to be successful. I'd like us to start with that. Now, that said, I also recognize that how challenging that can be.

But if I was going to choose one, I would choose to start with the funding source and go back to the drawing board and say, OK, what are we trying to achieve? And then how do we go after funding that's related to that?

RICK MATOON: OK so this is a follow-up question just to that. So what would that funding source look like and how would you structure it? I mean, you gave a number of examples of what you wouldn't do. So how would you make that better?

JOSHUA SCHANK: Yeah, I think the first thing to get at is the fact that driving is priced too low. I mean, that none of these things that we want to achieve with transit will be achievable, as long as we're allowing the competition-- which is effectively driving, and driving alone-- as long as we're allowing the competition to have a far better playing field than transit. That's the bottom line.

The playing field is not even. We've got cities that are designed almost entirely around cars. We make it very inexpensive to drive and usually almost no out-of-pocket cost. We keep gasoline as low as possible. Gas prices go up, and it's, all of a sudden, crisis. The entire country's in, how are we going to deal with gas prices are going up? Because everyone depends on the car to get around.

So as long as you have that system, as long as you don't deal with the pricing of the roads and of gasoline and everything else that makes cars cheap, and accidents, crashes, everything, then transits not going to be able to compete. So I would start with that and then I would start with the environmental costs.

The environmental costs of driving are unacceptable. I think we'll look back in 20 years and we'll say-- just like we do now with cigarettes-- really? We allowed people to drive gasoline-powered vehicles, all just polluting as much as they want all behind them? Oh, whatever, I'm driving. That's weird that we allow that. We shouldn't be able to just go around dropping emissions on low-income neighborhoods left and right.

But that's what we do. We build highways through low-income neighborhoods. We run gasoline-powered vehicles on them and then we say, god, our society is so inequitable. Why is that? So you've got to get at those issues first, and so that's where I would start.

RICK MATOON: So you also gave a really detailed list of all the various things we asked transit to do. So if you were to exclude some, if you were able to pull some of those off, what would you suggest that should be explicit that transit shouldn't be being asked to do?

**JOSHUA
SCHANK:**

Transit should not be asked to deal with homelessness. The fact that transit is being asked to deal with homelessness and is incredibly ill-equipped to deal with it. If you watch what's going on in Los Angeles right now, we're trying everything. Tried new police contracts. We're putting ambassadors on the system. We're playing loud, classical music on one of our stations, if you haven't found that one out.

OK, everything is being tried and there's no way. There's no way. The housing crisis is because we don't have enough houses. And if you think you're going to solve that by getting transit to be better, you're crazy. So homelessness should be-- there's homelessness on transit, yes. But it shouldn't be transit's responsibility to deal with that. It should be a larger crisis that has to be dealt with someone else.

And secondly, I would put the issue of equity there too. Not that equity isn't important. Of course it is. And homelessness is important too. But transit's not going to be able to solve the larger inequities in our society by itself. It can be a contributor to it. But if you start with, well, transit has to deal with inequities. You get really perverse outcomes.

Like, for example, in Los Angeles, we had an equity officer who would evaluate every new project that transit was spending money on to say, well, is this going to improve equity or not? And I would always say, well, I mean, we're building transit here. Yes, there might be some transit projects that are a little more inequitable, a little better or not.

But why don't you go-- talk to Caltrans. Look what are they doing? I mean, people are expanding highways. People are making it so that rich people don't have to tolerate any change in their lives. That they're fighting-- every single transit line that we're trying to build in Los Angeles undergoes lawsuits, undergoes fighting from wealthy interests and wealthy landowners who are trying to prevent that line from being constructed.

That's the equity issue. It's not-- the equity issue isn't whether we ran enough buses in one neighborhood versus another neighborhood. Maybe this can be some improvements. But focus on the inequities where they really exist.

Just one more example, I know you probably have other questions. We're trying to build a BRT line-- a Bus Rapid Transit Line-- on Vermont Avenue in Los Angeles, one of the poorest corridors in the city. And the elected officials are saying-- on our board, our metro board are saying, well, this should be rail because it's inequitable to put bus here. It should be a rail system.

By doing that, they're delaying the project 10 to 15 years, preventing us from taking a lane of traffic away from the wealthy interests that want to keep that lane of traffic for cars. So essentially, by saying, well, equity is the focus, there being as inequitable as possible. Because what they're doing is making transit in that corridor worse for longer. And it's one of the busiest corridors in the entire country. So that's a great example of why equity should not be transit's responsibility. Because when it is, you often get decisions like that.

RICK MATOON: So one thing you didn't explicitly talk about in your presentation was this, this issue of governance, which came up repeatedly through today's discussion. So what do you think about, generally speaking, transit governance? Is that a significant barrier, in your experience? Or I mean, obviously, there's no one size fits all. But what's been your experience with that?

**JOSHUA
SCHANK:**

Yeah, I mean, we were talking about this a little earlier because when I was at Eno, we did a report on transit governance that looked at Chicago, among other places. And what was interesting about that report is everywhere we went, we interviewed people in those regions. And we said, well, what do you think about the transit governance in your region? And they would always say, whatever you do, don't do it we do. Everyone thinks they've got the worst governance structure. I happen to think the Bay Area has the worst governance structure. But that's--

[LAUGHTER]

--that's my personal opinion. But no, seriously, they're all-- there are always room for governance improvements. And as an example of Los Angeles, in Los Angeles, the metro board has 13 people on it. 12 of them are elected officials. Not designees of elected officials, actual elected officials.

Five of those elected officials are the Board of Supervisors of the County. So there are five people in LA County-- county of 10 million people, bigger than 42 states-- who run the entire county, which is already crazy. Those five people sit on the metro board along with the mayor of Los Angeles and a few appointees. So what do you think the natural result of that is?

The result is that each of those five county supervisors are very concerned about what's happening in their part of the county. The mayor is very concerned about what's happening in the city of Los Angeles, which is about 4 million people in a county of 10 million. And the rest of the board is composed of people who are worried about their constituencies, who are going to elect them. Who's thinking about the region? There's no one thinking about the region.

And the only people thinking about the region are the staff at Metro, who are like, oh, we got to serve everybody. They're completely handicapped. There's no way they can do that. So yes, I think governance reform is critical.

I think that every region should be looking at governance as-- again, it's not going to solve all your problems. I think that was said earlier. But if you don't look at governance, you're not really getting at the core issue of who's making decisions and why are they making them? When you have a metro system that is run by elected officials, who receive campaign contributions from very wealthy people, it is not surprising that they're going to-- even as much as they might say equity, equity, equity-- they're going to make decisions that benefit entrenched interests. That's the bottom line. And so if you want to change that, you have to change the governance structure.

RICK MATOON: So one final question. Did you take the blue line in from the airport?

**JOSHUA
SCHANK:** So sorry you asked that. So I take-- I do not remember the last time I took a taxi from O'Hare. I take the blue line every time. But flying from the West Coast, coming off a-- sorry-- a ski trip, I had no choice but to take a late flight. I got in very late last night and decided against the blue line. So I apologize.

[LAUGHTER]

RICK MATOON: Everyone, please join me in thanking Joshua for a really terrific [INAUDIBLE].

[APPLAUSE]

OK, so one of the things we learned when Lawrence was still with us was that you always have to end a program exactly on time. He was obsessed with it. If it was 1:30 we were supposed to end, we're going to end at 1:30. So, Joshua, thanks for being very punctual.

I, again, just want to thank our partners, the Civic Federation, the Commercial Club, the Civic Committee of the Commercial Club of Chicago, and all the wonderful event staff that really helped us take off and provide this event. Also want to thank all of you for coming and attending. Obviously, this is the beginning of a very rich conversation. We, obviously, didn't solve the transit issue here today. But I think you've come away with a lot of information and a lot of ideas for what could be actionable things, moving forward.

So enjoy the rest of your day and thanks again for joining us.