MAINTAINING OUR NATION'S HIGHWAY AND TRANSIT INFRASTRUCTURE

(110–133)

HEARING

BEFORE THE

SUBCOMMITTEE ON
HIGHWAYS AND TRANSIT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

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CONTENTS

Page

Summary of Subject Matter vi

TESTIMONY

Allegra, Michael, Assistant General Manager and Chief Capital Development Officer, Utah Transit Authority 6
Biehler, P.E., Hon. Allen D., Secretary of Transportation, Commonwealth of Pennsylvania 6
Bowman, Hon. Leo, Commissioner, Benton County, Prosser, Washington 6
Rahn, Hon. Pete K., Director, Missouri Department of Transportation 6
Schlickman, Stephen E., Executive Director, Regional Transportation Authority, Chicago, Illinois 6
Watson, Linda, Chief Executive Officer, Central Florida Regional Transportation Authority 6

PREPARED STATEMENTS SUBMITTED BY MEMBERS OF CONGRESS

Altmire, Hon. Jason, of Pennsylvania 43
Cummings, Hon. Elijah E., of Maryland 44
Mitchell, Hon. Harry E., of Arizona 50
Oberstar, Hon. James L, of Minnesota 51
Tauscher, Hon. Ellen O., of California 55

PREPARED STATEMENTS SUBMITTED BY WITNESSES

Allegra, Michael 56
Biehler, P.E., Hon. Allen D. 62
Bowman, Hon. Leo 72
Rahn, Hon. Pete K. 76
Schlickman, Stephen E. 80
Watson, Linda 88

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June 4, 2008

SUMMARY OF SUBJECT MATTER

TO: Members of the Subcommittee on Highways and Transit

FROM: Subcommittee on Highways and Transit Staff

SUBJECT: Hearing on "Maintaining our Nation's Highway and Transit Infrastructure"

PURPOSE OF HEARING

The Subcommittee on Highways and Transit is scheduled to meet on Thursday, June 5, 2008, at 10:00 a.m., in Room 2167 of the Rayburn House Office Building to receive testimony regarding the investment levels and federal policies necessary to maintain the nation's existing highway and transit infrastructure to a state of good repair. This hearing is part of the Subcommittee's effort to prepare for the reauthorization of federal surface transportation programs under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), which will expire in September 2009. The Subcommittee will hear from state departments of transportation, public transit agencies, and other public entities responsible for maintaining transportation infrastructure to discuss investment needs and the strategies employed in meeting those needs.

BACKGROUND

Surface transportation infrastructure provides the backbone of our economy by moving people and goods. In 2002, according to U.S. Department of Transportation (U.S. DOT) statistics, over 19 billion tons of freight, valued at $13 trillion, traveled over 4.4 trillion ton-miles over our transportation network. This means that approximately 53 million tons of goods, valued at about $36 billion, moved 12 billion ton-miles per day. In addition, transportation generates a significant share of our nation's total economic output. In 2004, transportation-related goods and services

contributed $1.232 trillion, or 10.5 percent, to the U.S. Gross Domestic Product (GDP) of $11.7 trillion.

Investment in surface transportation infrastructure has far-reaching benefits, not only for our nation's economy and its global competitiveness but also for the quality of life of nearly all Americans. Private individuals traveled almost 3.8 trillion person-miles in 2001, or 40.25 person-miles each day. Transportation expenses represent 18 percent of the average household's total expenditures, the second largest spending category after housing. As our country's population and economy grows, these numbers will continue to increase.

To accommodate this freight and passenger traffic, our nation has constructed an extensive road system and public transportation network. There are 4 million miles of public roads in the United States. Only about 980,000 miles of these roads are part of the Federal-aid Highway System. Among the roads that are part of this system, about 162,000 miles are in the National Highway System (NHS), which includes the Interstate System. The Interstate highways—totaling 46,873 miles—comprise only 1.2 percent of all public road mileage, yet carry 24.4 percent of the total traffic on all public roads. Transit systems around the U.S. provided 10.3 billion trips in 2007. The infrastructure required to support these riders is extensive. There are more than 11,000 miles of transit system fixed guideway track, 3,000 transit rail stations, and more than 171,000 transit vehicles (buses, rail cars, and vans) in service.

Surface transportation assets have limited life spans. Currently, many segments of the nation's transportation infrastructure are reaching—or exceeding—their useful design life. Addressing this situation will require significant investment, as well as innovative management and preservation techniques. The National Surface Transportation Policy and Revenue Study Commission's ("Commission") report, *Transportation for Tomorrow*, identified the deterioration from aging and use as "one of the greatest threats to the Nation's surface transportation network." In addition to heavy usage and age, the report highlighted weather, air pollution, and the corrosive impact of road salt as having caused decay to various components of the transportation network.

Maintaining the nation's surface transportation infrastructure is critical to ensuring that these assets will remain safe and reliable in the future. The limited resources available to maintain and improve the condition and performance of the system have forced the agencies responsible for constructing, operating and maintaining the network to make difficult choices between greatly needed system expansions and ongoing maintenance costs.

Recently, several high profile situations highlighted problems with our nation's aging infrastructure. The collapse of the I-35W bridge in Minneapolis, Minnesota on August 1, 2007 focused the nation's attention on the number of highway bridges that are classified as structurally deficient or functionally obsolete. Similarly, the closing of a two-mile stretch of Interstate 95 in Pennsylvania after a large crack was found in a support pillar in the viaduct carrying the interstate illustrates the tremendous unmet surface transportation infrastructure needs.

While these are extreme examples, major portions of the interstate system are 40 to 50 years old. These segments can no longer be maintained with routine resurfacing and rehabilitation, and will require reconstruction. Similarly, numerous segments of the nation's public transportation infrastructure are in need of major repairs. Some rail transit systems have been in service for 75 to

100 years, and need total rehabilitation. Other newer transit systems have been growing at record levels and are facing a critical first phase of modernization needs.

Faced with growing demand on these systems due to increased freight movements and population growth, state departments of transportation and public transportation agencies must balance the need to expand their systems while maintaining current conditions and reconstructing segments that have outlived their useful design life. Given the limited resources available to carry out these responsibilities, these agencies utilize and implement a variety of innovative approaches ~~and techniques—such as preventative maintenance and asset management—and management~~ systems to manage and extend the useful service life of facilities. These steps allow the agencies to spread out the need—and cost—of reconstruction.

Highway and Bridge Conditions

Highway and Pavement Conditions

The U.S. highway system includes nearly 4 million miles of public roads, including 46,873 miles of Interstate and 115,319 miles of other NHS routes. About 76 percent of these roads are locally owned, while 20 percent are state owned, and three percent are federal.

Many aspects of the nation's highway infrastructure were constructed in the 1960's and 1970's, and are reaching the end of their useful design life and will require significant rehabilitation and reconstruction. In addition to their age, many segments of the network handle much greater volume of traffic than originally projected—including the explosive growth in freight truck traffic. As pavement structures reach 40 to 50 years of life, rehabilitation and resurfacing will no longer be sufficient and major portions of the nation's roadway network will require complete pavement and foundation reconstruction.

According to the U.S. DOT's 2006 Condition and Performance Report (C&P report), between 2002 and 2004, the percentage of vehicle miles traveled (VMT) on pavements with good ride quality has increased from 43.8 percent to 44.2 percent. Over this same period, there has been a decrease in the percentage of VMT on pavements with acceptable ride quality from 85.3 percent to 84.9 percent. However, between 1995 and 2004, the percentage of VMT on pavements that are found to not be acceptable has increased from 13.4 percent to 15.1 percent.

According to the C&P report, the percentage of VMT on pavements with good ride quality varied greatly among rural areas, small urban areas, and urbanized areas. The data for rural areas shows that 58.3 percent of VMT were on pavements with good quality rides while the figure for small urban areas is 41.2 percent, and 36.1 percent for urbanized areas. The data for percent of VMT on pavements with acceptable ratings shows that rural areas totaled 94.5 percent while small urban areas totaled 84.3 percent and urbanized areas totaled 79.2 percent.

Bridge Conditions

State highway departments face similar challenges in managing aging bridge inventories. According to U.S. DOT, one of every eight bridges in the nation is structurally deficient. Of the 597,340 bridges in the United States, 154,101 bridges are deficient, including 73,784 structurally deficient bridges and 80,317 functionally obsolete bridges. The National Bridge Investment Analysis System (NBIAS) model analyzes rehabilitation and replacement investment for all bridges, including

those on the NHS. The current NHS bridge investment backlog is estimated to be at least $32.1 billion (in 2004 dollars).

The high percentage of deficient bridges and the large existing backlog are, in part, due to the age of the network. The peak periods of bridge construction occurred mainly before World War II and during the Interstate construction era. One-half of all bridges in the United States were built before 1964. The 55,315 bridges on the Interstate System pose a special challenge because a large percentage of these bridges are in the same period of their service lives (e.g., 44 percent of these bridges were constructed in the 1960s). Concrete and steel superstructures on the Interstate Highway System are, on average, 35 to 40 years old.

Aging infrastructure combined with overwhelming traffic volume has placed particular strain on the bridges on the NHS. NHS bridges carry more than 70 percent of all bridge traffic. Of the 116,172 bridges on the NHS (including more than 55,000 Interstate System bridges), 6,175 NHS bridges are structurally deficient.

Federal Programs for Highway and Bridge Maintenance Activities

Highway maintenance of public roads and bridges traditionally was the responsibility of the state and local governments, who operate the system. Initially, the Federal Government role was limited to construction and management of highways, particularly with the building of the Interstate Highway System.

The Federal Highway Administration (FHWA) Office of Infrastructure provides a history of the evolution of Federal involvement in roadway maintenance activities. The first effort to provide Federal funding for maintenance activities occurred with the passage of the Federal-Aid Highway Act of 1976, which authorized funding "for resurfacing, restoring, and rehabilitating those lanes on the Interstate System which have been in use for more than five years." The 1976 Act also added "resurfacing, restoring, and rehabilitating" to the statutory definition of Federal-aid "construction." According to FHWA: "As a result, activities that had been considered "heavy maintenance" and, therefore, ineligible for Federal-aid funding became eligible, whether on and off the Interstate System." The Federal-Aid Highway Act of 1981 added a Fourth R, reconstruction, to cover all the work that was no longer eligible for Interstate Completion funding. Interstate Maintenance Program was established in the Intermodal Surface Transportation Equity Act of 1991, which incorporated the 3R's. The National Highway System program funding was intended to address reconstruction.[1]

The Highway Bridge Program provides funding to enable states to improve the condition of their highway bridges through replacement, rehabilitation, and systematic preventive maintenance. Federal assistance for the replacement of bridges was originally included in the Federal-Aid Highway Act of 1970, which contained the Special Bridge Replacement Program ("SBRP"). The Surface Transportation Assistance Act of 1978 renamed the program the Highway Bridge Replacement and Rehabilitation Program. This legislation also made bridge repair and rehabilitation eligible to receive Federal funding.

[1] "Origins Of The Interstate Maintenance Program," Richard F. Weingroff, Federal Highway Administration. www.fhwa.dot.gov/infrastructure/intmaint.cfm

Highway Bridge Program funds can be used for replacement and rehabilitation of structurally deficient or functionally obsolete highway bridges on any public road. Bridge program funds can also be used for bridge painting, seismic retrofitting, systematic preventive maintenance, calcium magnesium acetate applications, sodium acetate/formate, or other environmentally acceptable, minimally corrosive anti-icing and de-icing compositions or installing scour countermeasures. Under the Highway Bridge Program, $4.38 billion in funds were distributed to the states in fiscal year 2008.

Public Transportation Conditions

According to the C&P report, the average age of urban light rail cars is 14.8 years, commuter rail passenger coaches have an average age of 20.1 years, and 48 percent of urban bus maintenance facilities are more than 21 years old. Additionally, the average age of bus vehicles in urban areas was 6.1 years.

According to the Federal Transit Administration (FTA), nearly one-third of urban bus maintenance facilities are in an unacceptable condition. Fifty-one percent of urban rail passenger stations are rated as substandard, and eight percent of rail transit track was found to be in a substandard or poor condition. In 2004, there were 793 maintenance facilities for all transit modes in urban areas, including 38 light rail maintenance facilities, 55 heavy rail facilities, and 516 bus maintenance facilities.

At the same time that transit infrastructure is aging, the demand for transit services continues to rise. The American Public Transportation Association documented that Americans took 10.3 billion trips on public transportation in 2007, the highest level in 50 years. According to the American Society of Civil Engineers transit use has increased faster than any other mode of transportation.

Federal Transit Maintenance Programs

The Urban Mass Transportation Act of 1964 established the first permanent Federal transit program for "reconstruction and improvement" of public transit facilities. Over time, the Federal role in transit funding evolved to focus primarily on capital investments, though there still remain several FTA programs out of which various transit maintenance projects are funded. Currently, the principal federal programs for transit maintenance are the Fixed Guideway Modernization program, the Buses and Bus-Related Facilities program (both at 49 U.S.C. 5309), and the Formula programs (at 49 U.S.C. 5307 and 5311).

The Fixed Guideway Modernization Formula program (also known as the "Rail Mod" program) is distributed to eligible urbanized areas ("UZAs") which have populations of at least 200,000 and fixed guideway systems that are at least seven years old. The UZAs must have more than one mile of fixed guideway to receive an apportionment. The funding structure for rail modernization is somewhat complicated in that all UZAs meeting the eligibility criteria are not treated uniformly. There are seven different tiers of apportionment factors codified at 49 U.S.C. 5337(a)(1-7). Some of the funding factors are based on actual route-miles and revenue vehicle-miles, while other funding factors are historical in nature. For FY 2009, $1.67 billion, or roughly 16 percent of total FTA funding, is authorized by SAFETEA-LU for this program.

Under the Bus and Bus-Related Equipment and Facilities program (also known as the "bus program") funds are allocated on a discretionary basis, either by the Federal Transit Administration or through earmarks in authorizing or appropriations legislation. Grants made available under the bus program for maintenance purposes may be used for replacement and rehabilitation of buses and related equipment. For FY 2009, $984 million is authorized by SAFETEA-LU for these grants, which make up 9.5 percent of total FTA funding.

Transit maintenance projects may also be completed with the federal funds allocated to UZAs and states under the Urbanized Area Formula program and the Other Than Urbanized Area Formula program (also known as the "rural transit" program). The Urbanized Area program, covering all areas with a population of over 50,000, is the largest of the FTA programs, with an authorization of $4.56 billion for FY 2009, or 44 percent of total FTA funding. The rural transit program, covering only those areas with less than 50,000 in population, is authorized at $465 million for FY 2009.

Funds are distributed and may be used under these two formula programs based on several factors. In UZAs with 200,000 population and over, funds are apportioned and flow directly to a designated recipient selected locally to apply for and receive Federal funds. For urbanized areas between 200,000 and 50,000 in population, the funds are generally apportioned to the State for sub-allocation to the urbanized areas. For rural and small urban areas with less than 50,000 population, transit formula funds are based in part on land area in addition to population, and all funds are apportioned directly to the state with no sub-allocation to the areas.

In the Urbanized Area program, UZAs that are more than 200,000 in population must use funds for capital projects, while UZAs under 200,000 in population can use some of their funds for operating expenses. Since the passage of TEA-21 in 1998, the definition of transit capital projects has included explicit eligibility for preventive maintenance. FTA defines preventive maintenance as "activities, supplies, materials, labor, services, and associated costs required to preserve or extend the functionality and serviceability of a transit vehicle, facility, or other asset in a cost effective manner." Many project activities that support the preservation of transit infrastructure fall under the term "preventive maintenance" thereby allowing both large and small urbanized areas to use their formula funds for transit maintenance projects.

Surface Transportation Investment Gap

The C&P report lays out the annual investment levels required to achieve the goal of either maintaining current system conditions or of significantly improving these conditions in the future. The Cost to Maintain Highways and Bridges ("Cost to Maintain") scenario represents the annual investment necessary to maintain the current level of highway system performance. The Cost to Improve Highways and Bridges ("Cost to Improve") scenario identifies the level of investment that would allow system performance to be significantly improved in an economically justifiable manner.

According to the C&P report, the average annual investment needed to cover the "Cost to Maintain" scenario is projected to be $78.8 billion per year from all sources from 2005 to 2024, an increase of 2.3 percent over the projections made in DOT's 2004 C&P report. The average annual level of investment required under the "Cost to Improve" scenario is projected to be $131.7 billion per year for 2005 to 2024, 6.2 percent higher than the estimate in the 2004 C&P report for 2003 to

2022. The costs related to System Rehabilitation, which the report defines as capital investment focused on preserving the condition of the pavement and bridge infrastructure (including the costs of resurfacing and reconstructing highways and repairing and replacing bridges), is estimated to be $40.7 billion under the "Cost to Maintain" scenario and $61.0 billion under the "Cost to Improve" scenario. These totals constitute 51.6 and 46.3 percent, respectively, of the totals for each scenario.

The majority of the $78.8 billion required under the "Cost to Maintain" scenario is needed to maintain urban arterials and collectors at a cost of $49.7 billion. Investment on rural arterials and collectors under this scenario totals $17.6 billion, while the rural and local roads and streets component totals $11.5 billion.

Of the projected $131.7 billion in needed investments to meet the "Cost to Improve" scenario, investment on urban arterials and collectors total $84.5 billion, or 64.5 percent of the total. Meanwhile, investment on rural arterials and collectors under this investment scenario totals $28.2 billion, while the rural and urban local roads and streets component totals $19.0 billion.

According to the C&P report, total highways expenditures by all levels of government grew by roughly 45 percent from $102 billion in 1997 to $147.5 billion in 2004. Government spending for maintenance and traffic services totaled $36.3 billion in 2004, an increase of 35 percent from the $26.8 billion spent in 1997. Over the same span of time, capital outlay expenditures increased 45.2 percent from $48.4 billion in 1997 to $70.3 billion in 2004. Maintenance and services spending as a share of total highway expenditures decreased in this time from 26 percent in 1997 to 24.6 percent in 2004. Capital outlay expenditures as a share of overall highway expenditures remained roughly the same in this time.

According to the C&P report, the majority of maintenance expenditures occurred at the local government level: $17.4 billion out of the total $27.3 billion of expenditures, representing 63.5 percent of overall maintenance spending.

Similarly, the National Surface Transportation Policy and Revenue Study Commission's report identifies a significant surface transportation investment gap, and calls for an annual investment level of between $225 and $340 billion—by all levels of government and the private sector—over the next 50 years to upgrade all modes of surface transportation (highways, bridges, public transit, freight rail and intercity passenger rail) to a state of good repair. The current annual capital investment from all sources in all modes of transportation is $85 billion.

Currently, $68 billion is invested annually in capital improvements to Federal-aid highways and bridges. According to the analysis in the report's base case scenario, sustaining this rate of investment (in constant 2006 dollars) over an extended period of time would lead to significant deterioration in system operational performance and physical condition. The Commission's highways base case analysis found that:

- Delays experienced by travelers on principle arterial highways will increase by one-fifth by 2020, by one-half by 2035, and double by 2050.
- The situation will be more acute in urban areas where delays are projected to grow by over one-half by 2020, more than double by 2035, and quadruple by 2055.

- The percentage of vehicle miles traveled on National Highway System roadways that meet U.S. DOT's standard for "acceptable" ride quality would decline from approximately 85 percent in 2005 to just below 60 percent in 2055.

According to the Commission's report, the cost of eliminating all existing bridge deficiencies and addressing all such deficiencies as they arise over the next 50 years is estimated to be $850 billion in 2006 dollars, equating to an average annual investment level of $17 billion dollars.

The C&P report identified an existing transit infrastructure backlog of $27.66 billion: $13.7 for vehicles, $2.3 billion for stations, $6.9 billion for systems, $3.5 billion for facilities, and $1.3 billion for guideways. The report shows that in 2004, transit capital investment nationally was $12.6 billion, some $9.2 billion short of U.S. DOT's 2006 "cost to improve" estimate for transit of $21.8 billion.

Using economic and engineering concepts to estimate future transit capital investment needs, the FTA estimates $14.8 billion is needed annually to maintain conditions and performance of the nation's transit systems at the 2000 level. In order to improve transit systems to "good" by 2020, $20.6 billion is necessary. Recent data from 2002 showed that actual spending from all sources was $12.3 billion.

PRIOR COMMITTEE ACTION

The Committee on Transportation and Infrastructure held a hearing on the National Surface Transportation Policy and Revenue Study Commission's report, "Transportation for Tomorrow," on January 17, 2008.

The Subcommittee on Highway and Transit held a on the minority views to the Commission's report on February 13, 2008.

In response to the collapse of the I-35W bridge in Minneapolis, Minnesota, the Committee on Transportation and Infrastructure held a hearing on the topic of "Structurally Deficient Bridges in the United States" on September 5, 2007.

On January 24, 2007 the Subcommittee held a hearing to assess the overall needs of the federal highway system.

WITNESS LIST

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Mr. Michael Allegra
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Orlando, FL

HEARING ON MAINTAINING OUR NATION'S HIGHWAY AND TRANSIT INFRASTRUCTURE

Thursday, June 5, 2008

HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:00 a.m., in Room 2167, Rayburn House Office Building, the Honorable Peter DeFazio [Chairman of the Subcommittee] presiding.

Mr. DEFAZIO. We have an esteemed colleague who is here and wants to introduce one of the members of the panel and, since he is not a Member of the Committee, we sat him down front there and then we are going to subject him to a lot of questions after he does the introduction. So I hope you know the subject matter.

Turn on your mic and go right ahead.

Mr. MATHESON. Thank you, Mr. Chairman.

As a former Member of the Committee, it is a pleasure to return for just a brief introduction. The reason I thought it was important to make this introduction is because I find that when we talk about public policy here in Washington sometimes it can take on a theoretical level, and there is no substitute for looking at actual practical applications out in the Country.

When it comes to transit policy, I think it is very instructive to look at the experience in my home State of Utah. The witness I want to introduce is Mike Allegra who has worked for the Utah Transit Authority for 30 years, and he will tell you a remarkable story about an agency that has grown, that has met the needs of a growing population and brings projects on schedule either on or under budget. They have a tremendous track record of being innovative.

I think that that is instructive for this Committee, to hear some success stories. You know often in politics and in the news cycle, we hear things that don't go right and things that aren't working. Mike Allegra is an individual who has been part of a wonderful success story. So I am very glad that he is here today to testify before the Committee as you consider setting new policy in advance of the next surface transportation bill.

That is why I really wanted to stop by, just to make that introduction, and then I hope you will take his testimony with great interest, and we can all learn from that.

With that, Mr. Chairman, I really appreciate your willingness to let me come before the Committee to do this, and I will yield back my time. Happy to answer any questions, though, Mr. Chairman.

Mr. DEFAZIO. Oh, good. Then, well, how do you think we can finance the need for increased investment in our infrastructure?

Mr. MATHESON. I knew you were going to do it.

Can I just jump in on that one second and say in the State of Utah, on transit, we have had a remarkable level of public support for both local financing as well as Federal funding? We have had two major referenda passed in one of the most conservative States in the Country where the voters just said, yes, we are ready to step up to the plate and provide funding for transportation infrastructure.

It is partly due to the fact that Mr. Allegra and his agency have done such an effective job of letting people know, look, this is what you get for what you pay for. I think they have a wonderful track record in that regard.

Thank you so much.

Mr. DEFAZIO. I think you identified a key element which is the people might be willing to pay more if they can see concrete, not to make a pun, results.

Mr. MATHESON. Exactly. Thank you so much, Mr. Chairman.

Mr. DEFAZIO. Thanks for taking the time in coming.

Mr. MATHESON. Sure.

Mr. DEFAZIO. It sounds like an exciting story we will hear today.

Well, I want to thank everyone for being here. While they are setting up for the witnesses, I will just make a really brief statement.

I don't think it is news to anybody in this audience or many people in this Country that we have a severe problem with our transportation infrastructure. The commission report that we received earlier this year is, in a lot of ways, a road map, so to speak, of that crumbling infrastructure. I think it does an excellent job of documenting the needs.

Obviously, there is going to be tremendous controversy over how we can begin to finance the needed additional investment for those needs. So I am hoping that today this esteemed panel will help us both flesh the depth and breadth of the needs and some possible solutions from your own local experience.

With that, I would turn to the Ranking Member, Mr. Duncan.

Mr. DUNCAN. No. Go first to Mr. Mica.

Mr. DEFAZIO. Oh, I am sorry. I didn't see that the esteemed Mr. Mica was with us.

Mr. MICA. Well, thank you.

I don't want to be taken out of order, but I appreciate the courtesy since I too have a witness. I am pleased that she was admitted as one of those who will provide testimony to this panel. I won't be able to stay but wanted to introduce to the Committee, Linda Watson.

She has a great resume and background in transportation over 20 years. She heads up our LYNX which is the Central Florida Regional Transportation Authority. She is the CEO of that body.

She has worked in Corpus Christi, headed up transportation efforts in both Corpus Christi and Fort Worth, serves on many national, regional, State panels and is an expert in transportation in her own right.

She is going to, hopefully, talk today about the challenges that many of our metropolitan, smaller urban area transit agencies are facing right now.

Mr. Chairman and Mr. Ranking Member, they are hit with a dramatic increase in fuel costs and actually hit with a dramatic increase in ridership, and it is creating quite a challenge. So she is having to choose between closing down some operations where people are struggling to find an economical way to get around the community to work and just to get across our communities today.

So I am sure she will address the challenges that she faces and that are not dissimilar with other communities and then also the challenges—I had a chance to meet with her briefly before this—of building transit systems. People, with the falling dollar and increasing fuel costs, are looking for those cost-effective ways that also provide environmentally friendlier means and cost-effective means of moving people in all of our communities.

So, with that, I welcome Linda Watson. I thank you for carrying on this work.

Incidentally, too, I had a chance and recommendation to any of you. Last week, I did my little Northeast Corridor tour. I had a chance to visit the New York City Long Island to Grand Central Station/Second Avenue subway extension underneath New York City. They are boring through solid rock the first new transportation link, subway link in New York City which will eventually connect the JFK air train through the Long Island railroad into Grand Central Station.

But I recommend to all of the members of the panel to get a chance to go up there. You go down into the bowels of Manhattan and see them cutting through solid rock with the latest technology and equipment, a $7.2 billion subway extension which is quite exciting for our biggest metropolitan area in the Country. So, if you get a chance, I highly recommend that visit.

Thank you.

Mr. DEFAZIO. I recognize next the Ranking Member, and then we will turn to other Members hopefully. Remember you can always put your opening statement in the record.

Mr. DUNCAN. Well, thank you very much, Mr. Chairman.

I will be very brief. I want to thank you for holding this hearing on maintaining our Nation's highways and transit infrastructure.

I also want to thank all of the witnesses for providing the testimony that I am sure will be extremely important to the Subcommittee as we begin the process of reauthorizing the highway and transit programs. We have already held a few hearings on this subject in anticipation of attempting to have a new highway bill out in 2009 without the lengthy delay of the last highway bill.

Everyone in this room, as Chairman DeFazio said, is aware of the challenges that our Nation faces in maintaining our Country's infrastructure. Most of our interstate highways and bridges were built in the 1960s and 1970s and are reaching the end of their useful design life.

Our highways are also suffering from increased wear and tear because of the growth in the movement of the freight. The volume of freight moved daily has caused more damage to our highways

than was originally anticipated 40 to 50 years ago when our Nation's highways were being built.

However, the condition of our highways isn't the only challenge we face. The large increase in crude oil prices has caused many Americans to switch from driving to public transit. This sudden increase in ridership will have a big impact on mass transit systems around the Country.

The existing condition of our Nation's transit vehicles and facilities is already poor, and this increase in ridership can make a bad situation worse in a very short time. It will also have an effect on the funding levels for our highways as we move into this next reauthorization bill.

It is frustrating to many on our side that we continue to refuse to increase our oil production in this Country. We don't have to produce it all, but if we would produce just a little bit more, then these foreign energy producers would realize that they couldn't keep raising their prices every day. If we don't have some increased energy production in this Country, in other words, if we don't drill for a little more oil, then we are going to run a real risk of shutting our economy down because it is already having a tremendous effect on trucking, aviation, our farming and everything else.

So, with that, I will yield back the balance of my time and thank you, Mr. Chairman, for calling this hearing.

Mr. DEFAZIO. I don't have any requests for opening statements on the Democratic side.

Mr. DUNCAN. Mr. Boustany.

Mr. DEFAZIO. I do now, if people can keep their remarks brief.

Mrs. Napolitano.

Mrs. NAPOLITANO. Very brief. Thank you, Mr. Chairman. I am thanking you for the hearing on what may be our next SAFETEA-LU to start laying some of the questions that will help provide some of the answers.

I am very concerned about some of our infrastructure in my State and I am sure in other States. We need that investment. We need to be able to create the jobs that those investments are going to make or bring about.

There may be a need for a gas tax increase. I don't know, but I think your having these hearings will bring a lot of the information forth and be able to at least understand a lot of what we need to face and America must understand.

As Mr. Matheson from Utah was saying, people will buy into it if that funding is going directly into the project that we say it is going to go, and that would be the infrastructure repair of our Nation's highways.

So, thank you, Mr. Chair, and I yield back.

Mr. DeFazio. I thank the gentlelady.

Mr. Coble.

Mr. COBLE. Mr. Chairman, I won't take anywhere near the five minutes. I will reiterate some of the points that Mr. Duncan made.

Mr. Chairman, as far as our domestic issues pressing us, I know of no issue that is any more significant than maintaining our Nation's highway and transit infrastructure. I thank you and Mr. Duncan for having called this hearing and thank our witnesses for being here.

I yield back.

Mr. DEFAZIO. I thank the gentleman for his brevity.

Mr. Carney.

Mr. CARNEY. I will try to be equally as brief, sir.

I appreciate your holding this important hearing.

I really want to extend a special thanks to Mr. Biehler, my own State's Secretary of Transportation, for agreeing to come here. I think your observations and your insights are going to add a tremendous amount of gravity to what we are doing here, and I look forward to hearing from you.

Thank you very much.

Mr. DEFAZIO. I thank the gentleman.

Mr. Poe.

Mr. POE. Thank you, Mr. Chairman.

As a Member of this Subcommittee and a citizen who drives, I am concerned that maybe we ought to think about three different things:

One, the way we design our highways in the United States. Maybe we ought to think that through again.

Second, what are those highways composed of? Maybe we ought to think that through and see if we can use other materials.

The third thing is the price of crude oil should not be overlooked in the cost of highway construction because as crude oil prices go up, that costs us more to build highways.

We need to look at those three items as we move down the road.

Thank you, Mr. Chairman.

Mr. DEFAZIO. I thank the gentleman.

Okay, Mr. Boustany.

Mr. BOUSTANY. Thank you, Mr. Chairman.

I am pleased that we are holding this hearing as part of a series of hearings on this immense challenge that we are facing.

I know each of our districts, our States reflect the challenge that we see at the national level in how we are going to meet shortfalls in funding and also how we deal with the Federal-State relationship with highway funding and flexibility. I know that is an important issue. I have discussed with former transportation officials in my State of Louisiana as well as our current transportation official.

What flexibilities are needed at the State level? How is that relationship going to play out as we craft another highway bill?

Finally, just looking at my district where we have immense challenges with Interstate 49 which is a major transportation route for trucking and particularly for our energy industry. We have serious congestion. How are we going to deal with this and how we are going to pay for it is a serious concern?

We have aged infrastructure. One of the key bridges in my district on Interstate 10 in Lake Charles, Louisiana, is structurally deficient. There is an intense debate going on now about safety, about the ongoing transportation concerns and also the impact this is going to have on the United States because Lake Charles is a major refining center for our Country. So this nexus between energy and highways is critically important.

Finally, I want to mention the need for Interstate 49 which is a key hurricane evacuation route between New Orleans, going north,

to get folks out of New Orleans. It is also a key commerce and energy corridor.

This should be a national priority. We have been working on this for well over a decade. I would hope that as we craft the next highway bill, we will find sufficient funding to complete this absolutely necessary piece of infrastructure.

Mr. Chairman, once again, I look forward to hearing the witnesses, and I yield back.

Mr. DEFAZIO. I thank the gentleman.

Mr. Brown.

Mr. BROWN. Thank you, Mr. Chairman.

Mr. Chairman, I am concerned about what is going to happen to our funding process in recognizing that we had some $78 billion worth of congestion costs in 2005. As we look at the price of gasoline and, of course, our taxes at the Federal level and also our State taxes in South Carolina are based on gallons, not price.

So my concern is as the efficiency of cars becomes more miles per gallon, what is going to happen to our source of funding? I think I would certainly look forward to maybe some solutions from our witnesses, at least some recommendations.

Also, I would like to bobtail back on what Charlie said about Louisiana. We have the same problem in South Carolina. We are in the process of planning I-73, and we would like to look at maybe some different corridors as we look at the next reauthorization bill and include several major corridors in the United States to try to relieve some of the congestion we find now on our overcrowded interstates.

Thank you, and I yield back.

Mr. DEFAZIO. I thank the gentleman.

With that, I thank the Members for their opening statements.

We will now turn to our witnesses, and the first witness will be the Honorable Pete K. Rahn, Director, Missouri Department of Transportation.

Mr. Rahn.

TESTIMONY OF THE HONORABLE PETE K. RAHN, DIRECTOR, MISSOURI DEPARTMENT OF TRANSPORTATION; THE HONORABLE ALLEN D. BIEHLER, P.E., SECRETARY OF TRANSPORTATION, COMMONWEALTH OF PENNSYLVANIA; THE HONORABLE LEO BOWMAN, COMMISSIONER, BENTON COUNTY, PROSSER, WASHINGTON; STEPHEN E. SCHLICKMAN, EXECUTIVE DIRECTOR, REGIONAL TRANSPORTATION AUTHORITY, CHICAGO, ILLINOIS; MICHAEL ALLEGRA, ASSISTANT GENERAL MANAGER AND CHIEF CAPITAL DEVELOPMENT OFFICER, UTAH TRANSIT AUTHORITY; AND LINDA WATSON, CHIEF EXECUTIVE OFFICER, CENTRAL FLORIDA REGIONAL TRANSPORTATION AUTHORITY

Mr. RAHN. Thank you, Mr. Chair, Members of the Committee.

I am Pete K. Rahn, Director of the Missouri Department of Transportation and currently President of the American Association of State Highway and Transportation Officials. I am here to talk about the need to increase investment in the Nation's transportation infrastructure.

We have grossly underfunded both our State and Federal transportation systems over the last three decades. If we continue this downward spiral, we risk losing our status as a global leader as well as precious lives. We must recognize China and India are investing hundreds of billions of dollars more every year than we are in the United States.

To put it simply, we must step up now to remain globally competitive or we will end up with a second rate transportation system and a much less mobile and prosperous society than we have today.

Like most States, Missouri's transportation needs far exceed its resources. We have initiated innovative ways to shore up our ailing infrastructure.

With additional funding from a State constitutional amendment that directed highway user fees to MoDOT, we have improved 2,200 miles of our State's busiest highways in just 2 years, accelerated 53 critical highway projects and moved ahead with $1.6 billion in new construction projects. Road conditions have improved on our major roads from 44 percent in good condition to 78 percent in good condition during the same period of time, but our progress is tenuous.

Our next priority is improving our bridge inventory. More than 800 of Missouri's worst bridges will be repaired or replaced within 5 years under the Safe and Sound Bridge Improvement Plan. This project is an innovative design, build, finance and maintain contract that involves private activity bonds to encourage innovative financing and construction.

The Missouri Bridge Partners Contract Team will finance the project's capital cost, estimated between $600 million and $800 million. Missouri Bridge Partners will also be responsible for design and construction of these bridges and structural maintenance for at least an additional 25 years. MoDOT will pay for the program over 25 years with Federal bridge funds.

While Safe and Sound will fix more than 800 bridges, it will not address our large river bridges that span more than 1,000 feet. To replace all of the large bridges that need to be fixed would cost in excess of $7 billion. To make sure they are at least in satisfactory condition would cost $300 million to $500 million over 10 years. Either way, we don't have the money.

Innovative solutions and program efficiencies will only go so far. What we really need is a significant infusion of money dedicated to the Nation's transportation system. At a minimum, the Federal-State local funding partnership must continue, and the historical Federal share of 45 percent of capital investment must be maintained.

Federal highway funding would have to be increased from $43 billion in 2009 to $75 billion by 2015 just to restore the program's purchasing power back to the 1993 level.

In addition to more funding, States need flexibility in using Federal aid for asset management approaches that can significantly extend the life of highways and bridges. If we systematically repair, then maintain, pavements and structures, they do not deteriorate to the point where they have to be replaced.

We also ask that you make preventative maintenance eligible for Federal aid.

A thorough assessment of the interstate and National highway system corridors rehabilitation and construction costs needs is critical. The interstate system has more than 55,000 bridges, many of which are reaching 40 to 50 years of age. Bridges and other structures this old usually require substantial rehabilitation or reconstruction. As we go out another 20 to 30 years, they will require complete replacement.

I am very concerned that the investment made in transportation by our grandparents that have given us unprecedented mobility and prosperity is not being made by our generation. Our children and grandchildren will not enjoy the same economic advantages and quality of life because of our refusal to pass along a comparable legacy.

We must either find ways now to fund a transportation system that will ensure economic prosperity or be content to sit in traffic and watch our highways crumble because of overuse and lack of funding. We can't afford to wait. Jobs and lives are at stake.

Thank you.

Mr. DEFAZIO. Thank you.

We go next to the Honorable Allen D. Biehler, Secretary of Transportation, Commonwealth of Pennsylvania.

Mr. Biehler.

Mr. BIEHLER. Mr. Chairman, thank you very much, and I sincerely appreciate the opportunity to perhaps tell a little story about Pennsylvania.

But let me just acknowledge a special thanks for the introduction by Congressman Carney. It is a pleasure. In fact, he is sitting right square in the middle of a target of some of the activities that we have been looking at just to raise dollars and can sense the frustration and difficulty of our challenge, and we are not much different than the rest of the States around the United States.

But let me just try and paint a picture a little bit as I see things in Pennsylvania. Obviously, transportation funding and infrastructure improvements have always been a challenge, but we are seeing in Pennsylvania and, again, not different than others, forces that are at work that have caused us all to radically change our approach. Let me just give you a couple of examples.

I have had the pleasure of being the Secretary now for five and half years or so. In the period from 2003 to 2007, the cost of construction increased and inflation related to construction has gone up 63 percent in those five years. Never in our history have we seen those kinds of increases, and we keep looking around the corner, hoping that there is a brighter day.

As we looked at the first quarter of 2008, we see hot mix asphalt costs, in one quarter versus last year, go up 27 percent. Not surprising, given the petroleum, but it is a huge number.

Next and more frightening has been steel prices. In the first quarter, Pennsylvania has seen its steel prices of fabricated steel go up 49.7 percent. We are in a world that we just don't understand, I would submit.

Obviously, with fuel prices jumping as high as they have, it has been wonderful to see folks flock to transit, but we now are watching our transit friends not being able to catch the ball, if you will, as their costs have jumped as well. In Pennsylvania, about 25 to

30 million dollars more in transit fuel costs related to the diesel price increase has been the impact.

Despite some additional dollars for transit over the last couple of years, we are finding ourselves in a situation where they're just struggling simply to keep up and, ironically, may have to cut service because of the increase in diesel fuel simply to catch that problem. So, as I say, we are really in a different situation.

From a highway standpoint, we have always, on the highway side of things, kind of prided ourselves with trying to keep up and deal with congestion issues. Let me just tell you about the last three cycles that I have been involved as we updated our transportation improvement program, a four-year program we all deal with across the United States. The last three cycles in Pennsylvania, about 25 or so percent of our program dollars were earmarked for capacity improvements or some kind of congestion improvements.

This cycle, because we have been in such a downslide and needing to change our business, we are now probably going to be in the neighborhood of 10 percent. What that tells you is that we have had such dramatic changes in these outside forces, if you will, of inflation, that that is where we are.

Another interesting statistic in Pennsylvania is in the last period of time, again, while I have been Secretary, we have increased the money we have spent on our bridges. Pennsylvania has the horrible distinction of having the highest number of structurally deficient bridges of any State in the United States.

We tripled the amount of money we spent on bridge construction. Ironically, the number of structurally deficient bridges has gone from 5,500 to 6,000 in that same period simply because the age of our infrastructure is so high. The average age of our bridges is 50 years, and so it is like a huge iceberg coming at us. That is our real world.

As I mentioned, the case of the transit industry is no different. In the case of the transit industry in Pennsylvania, we have had a recent piece of legislation last year that helped the transit industry, especially on the operating side and a little on the capital side, but our partners in transit are struggling to keep their fleets in decent shape and the rest of their infrastructure in good shape. Otherwise, they will be slaves to the increased maintenance costs simply to try to operate their system because of those issues and, as I say, ironically, at a time when transit demand is at an all time high.

Here is what we have been doing to try to deal with our problem: As I mentioned, a huge change in the focus of our program, resaluting the flag of maintenance and sometimes maintenance only, and it is sure not what we want to do. So, huge focus on maintenance.

In the case of our bridge program, my good friend, Pete Rahn, is working on trying to deal with 800 bridges over the next 5 years. We are trying to deliver in Pennsylvania 1,145 bridges into construction in the next 3 years. Then in the 20 months after those 3 calendar years, we are trying to deliver another 550 bridges. Simply, our backlog is that awful.

At the same time, we have to make sure that we are using all of our powers to design properly, and so we are shifting to a 100-

year bridge design. At the same time, we have to focus on our highway design to make sure we are delivering the smallest footprint possible because the costs will otherwise outstrip our situation.

So the bottom line is we are clearly changing the way we have focused our business, and the one scary thing for all of us is we just don't know where it is ending. We had hoped that our situation was going to get better. It is not getting better.

We clearly have to deal forthright with the revenue problem we all face, and it is not an easy one. We know that.

Thank you very much. I appreciate that. To the extent there are questions, I will be happy to answer.

Mr. DEFAZIO. Thank you.

The Honorable Leo Bowman, Commissioner of Benton County.

Mr. Bowman.

Mr. BOWMAN. Thank you. Good morning, Mr. Chairman and Ranking Member Duncan and Members of the Committee.

I am Leo Bowman. I am a County Commissioner of Benton County, Washington State. Today, I am representing the National Association of Counties where I serve as Vice Chairman of the Transportation Steering Committee.

I want to thank you for inviting NACo to this hearing on Maintaining our Nation's Highways and Transit Infrastructure. NACo represents the Nation's 3,066 counties that own and maintain 45 percent of the total highway mileage in the United States, 44 percent of all the Nation's bridges. We also own or participate in about one-third of the transit systems across the Nation.

NACo members have made a huge investment in this system, and much of what counties do is maintain the existing system. For that reason, we agree with the first recommendation of the National Surface Transportation Policy and Revenue Study Commission: "The Nation is best served when transportation facilities are well maintained."

This is certainly true as it applies to the three-county region where I serve as Vice Chair of the Benton-Franklin-Walla Walla RTPO. Our region occupies 4,216 square miles in the lower southeastern Washington State. We have 330 bridges. We have 3,700 miles of county roads of which only 650 miles are Federal aid eligible.

Our economy depends on these roads and bridges being well maintained. Our region produces over $1 billion in agricultural products each year. For these products to get to market cheaply and efficiently, we must continue to invest in our mostly rural road and bridge system.

Maintaining the system means upgrading roads and bridges to standards that enable these facilities to handle today's heavier and wider vehicles. Seasonal emergency weight restrictions and closings are a serious problem for our agricultural economy.

The other reason maintenance is so important is because of safety. We know that nationally 25,000 people die each year on rural roads. This is a fatality rate that is two and a half times greater than on urban roads.

In our region, broken or damaged roadway components get top priority. Nothing is more important than safety to our elected officials.

Let's talk about financing. Our RTPO forecasts over the next 20 years, we will collect $561 million of which we will spend $356 million on maintenance. This reflects our historic 63-37 percent split between maintenance and operations and new capacity.

We also have 546 miles of road which are in need of upgrading to current all weather and safety standards. We estimate the costs of the improvements to be one-half million and one million dollars per mile. While that sounds like a lot of money, our engineering staff informs us that these upgrades will reduce normal maintenance costs between 80 and 90 percent.

Almost all of the revenue counties have for maintenance is local property taxes and fuel taxes that are shared to us by the Washington State Department of Transportation. This is the central issue for counties when faced with substantial needs on our transportation systems.

Local governments rely primarily on our own source revenue. States do share some fuel tax revenue with locals, but the amounts are very small and uneven. Nationally, there are few, if any, local fuel taxes, relatively few local sales taxes dedicated to transportation, and most counties need to ask for permission to levy a new tax.

As a local elected official of over 11 years, I can tell you that raising property taxes to maintain highways and bridges is politically unpopular because it is totally unrelated to the usage of the system and our citizens see little connection between better roads and bridges and increasing taxes.

I would direct you to a recent publication entitled Financing Transportation in the 21st Century: An Intergovernmental Perspective of which I have a copy for every Member here today, which was recently released by NACo and 5 other state and local government organizations that describes this issue in detail.

What would help? One answer is that more Federal resources directed to rural roads and the units of governments that are responsible for them.

The Highway Safety and Improvement Program needs to be targeted to those roads that need safety improvements, and local governments officials need to be part of the process that develops the State strategic highway safety plan, something that current regulations do not allow.

Related to this, the High Risk Rural Road Program needs far more funding than the $90 million currently available. Bridges on non-Federal aid roads need more funding, and NACo would support an increase in the off-system setaside to at least 20 percent. The Surface Transportation Program rural setaside has not been increased since it was instituted in 1991 with the ISTEA program. It needs to be adjusted.

We need an enhanced rural planning process that includes a stronger role for local officials.

And, finally, the project delivery process needs to be streamlined so that delays are reduced and the cost for rural counties to use Federal funds does not discourage participation in the Federal highway program.

Mr. Chairman, I also serve as the Chairman of the Board of Benton-Franklin Transit, our local bi-county transit agency, and I

would love to answer questions on that issue as well as those that I brought forward today. Thank you very much.

Mr. DEFAZIO. Great. Thank you, Mr. Bowman.

With that, we would turn to Mr. Stephen E. Schlickman, Executive Director, Regional Transportation Authority, Chicago, Illinois.

Mr. SCHLICKMAN. Thank you, Mr. Chairman and Members of the Committee.

The RTA is an oversight agency for Chicago. We oversee the operations of the Chicago Transit Authority which is serving the core of our region, the Metro Commuter Rail Agency which serves throughout the six-county region of Chicago and Pace Suburban Bus.

Maintenance needs clearly are one of the most important issues facing my many worries with our transit system. Thus, I am pleased to have the opportunity to address this important matter before you today.

Earlier this year, I am proud to say that we were very successful in achieving a victory in Springfield in our legislature when they provided us over $500 million in new operating assistance dedicated to our region. It was only a partial victory, however. We had also put forward to them billions of dollars in unfunded capital needs which they are now seriously considering.

With an eye towards authorization, Elliot Sander, the head of the MTA system in New York, and I formed a loose coalition of the largest transit agencies in the Country. All these agencies are rail systems, but they also have the most extensive bus systems in the Country.

We call our group the Metropolitan Rail Discussion Group. It includes representatives from New York, Los Angeles, Philadelphia, Boston, New Jersey, Pittsburgh, Cleveland, Atlanta, San Francisco and Washington, DC.

We have come together to develop authorization principles, but we are working within our trade association, APTA, to develop a unified industry position. Our group provides two-thirds of the transit trips nationally, but we receive less than half of the Federal funding. Our core principle is that the Federal transit program should be allocated according to need in order to achieve the maximum impact on issues of national importance.

We strongly believe that the largest transit systems in the Nation are best able to serve the national interest of limiting the growth of traffic congestion, reducing greenhouse gases, improving air quality, promoting energy independence and generally providing mobility benefits that support the growth of the Nation's economy through the engines of the economy that you find in the largest metropolitan areas in the Country.

The infrastructure maintenance needs of these systems are great. We have just begun a process of conducting a transit capital assessment of all of our group's members to better quantify these needs, and we will submit a report to the Committee for the record when it is completed.

However, we believe that the Chicago regional transit system is very typical of our members of our group in the larger urban systems. Our strategic plan identified a five-year capital need of $16.1

billion to maintain, enhance and expand the region's transit system, and there is tremendous support in our region for this.

It is not just a city of Chicago issue. It is a suburban and outer suburban issue as well. We have strong support for our operating needs and our capital needs as evidenced by the success we had in Springfield.

Of this five-year figure, $10.3 billion would be dedicated to maintaining the system. That includes $2.8 billion for rolling stock, $2.1 billion for track and support structures, $1.4 billion for signals, electrical and communications network, $1.8 for improving and replacing support facilities and equipment, $1.1 billion for improving passenger facilities and $1 billion for other systemwide improvements.

But of this $10.3 billion maintenance need, only $2.6 billion is funded. Our transit system is deteriorating, and this must be reversed.

Another issue of concern for large urban transit systems has been constrained capacity to deal with increased demand in ridership, particularly what we are experiencing with the higher prices of fuel. Many of our systems are bursting with riders during the peak hours. We need to add capacity to existing rail lines and can do so in very cost-effective ways.

To meet our maintenance and capacity needs, the largest systems in the Country rely not just on Federal funding but also have substantial State and local contributions. While we need to increase Federal capital support, we also need to increase funding at the State and local levels.

While we believe the needs of the largest and oldest systems are particularly acute, we recognize that newer systems and smaller systems also have importance maintenance needs.

Mr. Chairman, thank you for the opportunity to testify. I appreciate your interest in this important topic, and I look forward to your questions. Thank you.

Mr. DEFAZIO. I thank the gentleman.

Mr. Michael Allegra, Assistant General Manager and Chief Capital Development Officer, Utah Transit Agency.

Mr. ALLEGRA. Thank you and good morning, Chairman DeFazio and Ranking Member Duncan, for inviting the Utah Transit Authority to testify on behalf of all the new rail start cities in the United States.

I particularly want to thank Congressman Matheson for such a kind introduction and to the benefit of this Committee, I can shorten my presentation because he gave you most of my bullet points.

I just arrived from the American Public Transportation Association's rail conference in San Francisco where Speaker Pelosi talked about the same themes that you are hearing about today: investing in our transportation infrastructure. In fact, she was quoted as saying, "The long-term benefits of investing in our infrastructure far outweigh the costs."

In Salt Lake City, we opened our first light rail line 10 years ago. We have since opened two more light rail lines and our first commuter rail line, tripling our rail network in less than ten years, and we are proud to be one of the most cost-effective systems in the Country. But it is not enough.

We are on an aggressive path to double our rail system again by 2015, and our local leaders are already talking about the need for more transit.

Utah has recognized that we are facing a transportation crisis. The ramifications go well beyond mobility and threaten our economic vitality. The business community in Utah, led by the Salt Lake Chamber of Commerce, recently supported and led the efforts to double our sales tax through a transit referendum in Salt Lake and Utah Counties because they recognized this transportation crisis and our connection to economic development and quality of life.

Although we are investing over $7 billion in highways and transit—it is a multimodal program—we are only about one-third of the way there in meeting our $23 billion of needs.

I would like to share with you for a moment some of the successes we have had in Utah that the Congressman has talked about and make a few recommendations for your consideration during the next reauthorization.

Utah, as you probably know, is one of the most conservative States in the Country. It is home to more than 2.6 million residents and is the third fastest growing State in the Nation.

During 2002, we were fortunate enough to host the Winter Olympics. The Utah Transit Authority carried more than 4 million people during 17 days, and it was heralded as perhaps the best transportation system ever for the winter games.

Not only did the games give our community a very unique perspective on using public transportation, more importantly, it taught us all how to resolve our issues collectively at the Federal, local and State levels.

The rapid growth in our system has been financed by a combination of local and Federal funds. The UTA has approximately tripled its local revenues in the last seven years, and we have secured four full funding grant agreements through the Federal Transit Administration.

The development of our rail system has also created approximately $4 billion in transit-oriented development, and we believe that Utah, like many of the States in this Country, is experiencing a transit renaissance.

Some of the key factors to our success, I would like to share with you:

Number one, we have built all four of our New Starts light rail projects ahead of schedule and under budget.

Just a month ago, we opened up our first commuter rail line, a 40-mile line extending from Salt Lake City to Ogden to the north. We completed this project six months ahead of schedule and under budget, and our ridership is already exceeding our expectations.

This has happened, number one, by a focus on fiscal constraints by our organization but also and perhaps more importantly on an excellent relationship with our stakeholders: the metropolitan planning organizations, the highways departments, and our congressional delegations. It is really not anymore about the mortar and bricks; it is about the relationships.

Therefore, we believe that Congress should consider a new national transportation policy that allows metropolitan regions the flexibility to determine and prioritize their transportation needs. As

the Interstate Highway System was originally designed to connect the Nation's cities, a new national transportation policy should be designed to maintain the health, vitality and international competitiveness of this Country.

Secondly, the Utah Transit Authority is now embarking on a major Transit 2015 Program which is going to build 70 miles of rail in the next 7 years. This accelerated program comes about by the local support of a referendum and with the great support of the FTA Administrator, Jim Simpson, who signed an innovative memorandum of understanding with us to allow us to expedite the Federal funding process.

This building of 70 miles, some of them with Federal funds, some of them not, will allow us a unique opportunity to simultaneously compare the project delivery methods and the time required to build by Federal versus non-Federal process. We are working with the Federal Transit Administration to show them how we might be able to streamline the Federal process.

As you have heard earlier, in addition to expanding our system, UTA recognizes the need to maintain its current infrastructure. For example, we have needs to replace 1/13th of our fleet every year. That translates to approximately 70 buses or $35 million ever year. As a New Starts rail city, we are already getting to the point where we need to rehabilitate our rail vehicles.

The fixed guideway modernization program in its current form is heavily skewed towards Tier 1 cities or older cities. UTA recognizes that these systems have been built 50 to 100 years ago and have significant maintenance needs.

However, we recognize that the transit world has changed dramatically since this rail modernization program was created and, like UTA, there are a growing number of cities that have had rail system built in the last 10 to 20 years. These newer rail systems are beginning to face significant maintenance challenges as well and, as such, we believe the rail modernization program should be updated to reflect this new reality and changes in the transit industry.

Additionally, we recognize the need for adding current capacity. One of the unique things we have done in Utah is bought used rail cars to quickly expand the system and to provide it on a less expensive basis, and we believe that has saved millions of dollars for the taxpayers of our community.

So we believe that the current formula program needs to be considered in terms of adding what is typically called, in the industry, core capacity.

In closing, I would like to make some suggestions for new rail start cities:

We would recommend that Congress retain an 80 percent Federal funding ratio for all capital projects especially the New Starts program. I don't believe that the Utah Transit Authority would be where it is today without the heavy infusion of Federal dollars, at least for our first project.

Congress should create incentives to increase State and local investments in public transportation and support innovative financing to leverage funding from all sectors.

UTA encourages Congress to look at new or revised programs that assist in maintaining the systems that we own and to develop a new program that provides resources for systems to quickly expand their capacity.

Finally, UTA supports the recommendations that will be soon coming out of APTA to provide a significant increase in the Federal transit program with a total investment of no less than $123 billion over the 6-year authorization that would support a doubling of ridership over the next 20 years.

Thank you very much for this opportunity to speak to you, and I am happy to answer questions afterwards.

Mr. DEFAZIO. Thank you, Mr. Allegra.

Next, we would have Ms. Linda Watson, Chief Executive Officer, Central Florida Regional Transportation Authority.

Ms. WATSON. Mr. Chairman, Members of the Committee, thank you very much for the opportunity to testify to you on the challenges of a bus-only transit system.

I have been asked to testify today on the maintenance needs of the bus system in Central Florida, but you will find most of what I have to say will apply to any transit system that includes buses. I will also address some of the challenges we face and the role of Federal funding and policy decisions on the operation of our system.

LYNX is the business name for the Central Florida Regional Transportation Authority, the agency responsible for providing transit services in three counties in Central Florida, and it also includes the City of Orlando. We serve a resident population of 1.8 million in a 2,500 square miles service area, the size of the State of Delaware.

When you consider the 50 million annual tourists that visit our areas and the cars that they rent to get around there, our traffic congestion and lost time in traffic increases every single day.

LYNX provides transportation services to this large urban area with only 290 buses which is well below the number of buses used in peer cities, anywhere from 100 to 300 fewer buses than some of our other peer cities.

A burden of a lack of buses forces 90 percent of our routes to operate on 30 or more minutes frequency. This is occurring while our customers are standing at one of our 5,000 bus stops of which only about 500 have shelters. It is extremely difficult to take someone out of their automobile when the best alternative that you can present to them is a wait of an hour and a half or more before their next bus arrives.

Despite the small fleet we operate, the infrequent service and the lack of shelters from the intense Florida sun, LYNX has seen ridership increase 24 of the last 25 years, the only exception was right after 2001 at September 11th, 2001. Ridership is up 7 percent for the first quarter of this calendar year, and that is in addition to a 17 percent fare increase that we just implemented in January.

Central Florida's population is going to double from 3.5 million to 7.2 million by 2050. The State of Florida will soon surpass New York as the Nation's third largest State.

Our transit system in Central Florida, as well as other systems in the State, are woefully unprepared to meet this huge demand

and provide the transportation necessary to get our workers to work and to move our citizens within the community.

If we are unprepared to move our people within our communities, how can we be prepared to compete globally in terms of transportation?

Federal funds have been absolutely essential in building our capital program including a downtown 24-hour transfer station, an office tower, a 250-bus maintenance garage and 4 super stops. What we have been unable to do, though, is maintain these facilities. This is where a policy change is needed to help bus-only systems build the systems of tomorrow.

As you know, rail systems have a rail modernization formula funding program which allows them to be able to rely on a consistent annual source of funding to keep their systems safe, secure and clean. This allows them to not only contain operating costs but enhance the transit trip for their customers.

On the other hand, our 13-year super stops need repairs, improved lighting and security. Although we can use our Federal formula funds for doing this, we have the tough decision to make about replacing buses that are well beyond their retirement age or maintaining facilities and improving these.

As America competes in the 21st Century, the Nation's policymakers have to create a new strategy, a new foundation for keeping the United States the driving force in the global economy. A well-planned, highly-coordinated rapid transit system can be that foundation.

Just as public policy in the 1950s pushed American toward a car-centered transportation system, public policy in the new millennium can push America toward a transit-centered transportation system. With that in mind, I would like to recommend consideration of the following public policies:

One, create a separate funding formula category for bus maintenance similar to the rail modernization formula program. This would allow bus systems to maintain their fleets and facilities without competing with capital needs.

Number two, dramatically increase capital funding to transit to stimulate the development of a national and local rapid transit system. The vision for this rapid transit system should be one that connects major cities as seamlessly as the current highway system does. The local transit system should be a combination of rail and bus that removes the need for a car when in an urban area.

The third one is to create funding incentives that force local governments to develop smart growth plans such as high density development around multimodal transit systems.

Four, fund bus-only lanes on both interstate highways and major transit corridors in metropolitan areas.

Five, increase funding for 5316, Job Access and Reverse Commute. As fuel prices continue to rise, the population attempting to return to and stay in the workforce is rising, and they are further reliant on public transportation.

Increase funding for 5317, New Freedom Program. America's population is aging and, as gas prices are soaring, that can be a lethal combination for a segment of the population that is used to being mobile.

So it seems obvious that a car-centered transportation system that worked so well for us in the 20th Century is failing us now. We have to find a new effective way of dealing with soaring fuel prices and time consuming congestion and pollution.

Transit is the solution for the 21st Century. It will take bold policy decisions to get people out of their cars, but it was bold policy decisions in the 1950s that got them into the cars in the first place.

China spends 9 percent of its gross domestic product on infrastructure, and India spends 8 percent. The United States is heading in the wrong direction and spending less than 1 percent, and we have a multi-trillion dollar backlog in deferred transportation infrastructure needs.

Perhaps a more balanced funding of highways and transit would give people a real choice and, at the same time, reduce congestion, reduce pollution and reduce our addiction to the automobile.

Thank you, sir.

Mr. DEFAZIO. Thank you.

We will turn now to questions.

I appreciate all of the testimony. It was helpful, and it laid out a number of the issues the Committee has to deal with in approaching reauthorization.

One thing I heard from both Missouri DOT and the Commonwealth of Pennsylvania has to do with the issue of flexibility, capital investment versus maintenance. I guess the question, first to Mr. Rahn, would be you have identified capital investment backlog, as most everybody else has, and yet you are saying you would like to see more flexibility in the Federal funds.

We already started, in the seventies and eighties and particularly more recently, giving more flexibility as the Federal interstate system was completed in allowing States to divert money to preventive maintenance. I am not exactly certain why or what additional flexibility you feel you need particularly given the capital investment backlog.

I just don't quite understand what you are getting at there. Why don't you tell me? What is it you feel is a real constraint today? Be pretty specific. How would you differently use the Federal funds and make the decisions between capital investment and maintenance that you can't do today?

Mr. RAHN. Mr. Chairman, the flexibility that we would like is among these various programs, there are different restrictions on any one of these 108 Federal funding categories. Some have the flexibility to use within the arena of preventive maintenance, and some do not. And so, we are constantly playing a game as to which funds can you move into which area to actually deal with the problems.

You still have to have a discussion and debate with the Federal Highway Administration as to the actual definition of what is preventive maintenance versus an ongoing maintenance activity. It is very muddled, and it often is determined by the personality of the Federal Highway Administration official that you are dealing with as to eligibility of one activity over another.

A clearer, broader statement of eligibility for these funds across the board would be more helpful and productive to the management of our systems.

Mr. DEFAZIO. So you are not asking for a block grant or something. What you are saying is that there are inconsistencies. There are way too many stovepipes. You would like to see fewer stovepipes with clearer guidelines on how the money can be moved.

Mr. RAHN. That is correct.

Mr. DEFAZIO. Okay.

How about from the perspective of Pennsylvania on that issue?

Mr. BIEHLER. I would concur with that. There is a much smaller number of programs, but still a certain flexibility between those programs probably makes the most sense.

As I deal with my AASHTO colleagues around the United States, we certainly see that Pennsylvania's preservation needs may have some similarities to other States. But, boy, our needs are certainly different, and the flexibility really will help all of us to then tailor those programs to our specific issues.

Mr. DEFAZIO. Given the fact, again, the refrain from everybody, and I would expect that there isn't enough money either at the State level or the Federal level. I mean all together. You are looking at innovative ways to enhance that.

Given the inadequacy, should the Feds perhaps choose a priority and say, look, we want to target more of our money to new capital? Is that a discussion we should be having here?

Mr. BIEHLER. I think it is a great question. The reason I think so is I think there is clearly a national agenda we all have to struggle with as we turn the corner toward authorization.

I, personally, think there is a very strong need for a very strong national agenda. We need to think through because we are not just talking about preservation. We really are talking about greenhouse gas and very, very difficult issues, needing to shift people away from our current transportation modes and find a way to shift more freight moving from highways to rail and so on.

My colleague, Linda Watson, talked about the importance of an intercity rail system and those kinds of things. I certainly concur with that. So we have a number of different things.

I believe in a strong, strong national agenda if we are going to be able to keep ourselves globally competitive in addition to then having a sustainable environment.

Mr. OBERSTAR. Mr. Chairman, would you yield?

Mr. DEFAZIO. Certainly, I would yield.

Mr. OBERSTAR. It is a very, very important policy issue that we are going to be facing not just on the transit side but on the highway side. That is the distribution of dollars between capital investment, a one-time investment by the Federal Government in its partnership with State and local governments in which the non-Federal partner commits to do the maintenance.

It was a very long time before we came to the interstate maintenance category in the Federal highway program. The interstate program was 90-10: Federal, 90 percent; State, 10 percent. Then, it is yours. States, you maintain it. Twenty years, 25 years later, we came to establish a maintenance account.

Now, after many years of investing in transit systems on the capital side, now we are hearing a request for more flexibility for the States and for local governments to use funds for maintenance as

we are hearing an increasing appeal from States to use more of their funds for maintenance.

Maintenance could swallow up the whole Federal Aid Highway Program on the highway side. How much do you think it would swallow up if we gave the flexibility?

Say, just blanket, we gave the flexibility to metropolitan areas to use money for capital investment or for maintenance, how much would be swallowed up in maintenance?

Mr. BIEHLER. You are probably right. If we don't have very clear goals, we could probably use the entire allocation for maintenance.

I think you are exactly right, which means that it seems from my standpoint that we have to, as clearly as we can. This is not easy stuff, not for the faint of heart, but as clearly as we can identify what those goals are and what we want to adhere to on a Federal basis.

So it probably means we have to think about hierarchies of systems. The National Highway System means something. Certainly, we need to think about continuing intercity freight movement, intercity passenger movement and decide what is a reasonable partnership between the States and the Federal Government and then within the States, the counties and the municipalities.

I think that you are exactly right. It is those kind of focuses and thoughts we need.

Mr. OBERSTAR. Mr. Rahn, briefly.

Mr. RAHN. Mr. Chairman, just briefly, I believe the heart of your question is indicative of the amount that we have underinvested in transportation over the decades. The problem is today that we have this huge backlog in capital needs. We have a huge backlog in maintenance needs.

I think the fact that you could take the entire Federal program and have it swallowed up in maintenance is just simply the fact that we have underinvested for three decades.

Mr. OBERSTAR. I agree with that, but we are now at the point of a new program. Mr. DeFazio, Mr. Duncan, Mr. Mica and I and all the Members of the Committee are going to have some very difficult decisions to make.

States repeatedly ask Congress for flexibility in the transportation program: give us more categories, more flexibility. Let us draw down money out of our bridge program, for example.

And, what have they done in the last four years? They have taken $4.5 billion out of the capital account of the bridge program and distributed it elsewhere, and then a bridge collapsed in Minnesota.

Then what did they do? They turn around and blame the bicycle program for a bridge collapse in Minnesota. That is baloney.

Now we want to have a balance here, and we are not going to have unlimited dollars to deal with even though I hope we get as close to the recommendation of the Commission as possible, a 50 percent or better increase in investment. But this pull, the yin and yang between capital investment and maintenance, is a matter of high policy significance that we are going to have to belabor our way through.

Thank you for the time, Mr. Chairman.

Mr. DEFAZIO. Thank you, Mr. Chairman, for helping sort of refocus my question.

So I would direct to Mr. Schlickman and Mr. Allegra the same question as modified by the Chairman here because I think we see the same question and conflict with transit and you two also.

I went to Chicago and had an appalling video presentation on the state of the L. I saw sections of the L that are kind of held up with two by fours. Well, but I mean they are supported. It was a mess, and they are running the trains at limited speeds.

So you can make an argument for the heritage systems need the investment, but then Mr. Allegra makes the argument that we need to expand opportunities in Western States, in growing States. Then that goes to the Chairman's question. So if you could both briefly address that, and then we will move on to Mr. Duncan.

Mr. SCHLICKMAN. Let me clarify. The largest, oldest systems that I work with, they are not just old systems. They are new systems as well. I mean over the last 20 years these systems have been attempting to address the demand for more transit throughout their areas due to growth.

So the growth isn't just occurring in the Western States or the Southwestern States. It is occurring in the older cities, in the Northeast, the Midwest and even on the West Coast. We really represent all the need that has been discussed here on the transit side.

With respect to where the Federal Government emphasizes its investment in new versus maintain, I think you have to step back first and ask how are you best trying to serve your goals addressing those issues of national importance in terms of climate change and clean air and energy independence and let that guide you as to how you set your priorities.

Clearly, we have to maintain these systems. These systems are, as I said in my testimony, providing over 60 percent of the ridership, and that ridership is dramatically growing into the future.

I would also caution you, though, to make sure you do not create disincentives for State and local investment. We are not coming to the Federal Government to solve all of our needs, but we have been relying on a Federal program solely for the last five years on our capital program.

Our match is provided by toll credits. As you know, toll credits is not real money. That created a big disincentive for our State to really address the match requirement they should have stepped up and done. So I really caution you in that regard.

Mr. DEFAZIO. Just again, to follow up on the Chairman's question, if the Federal Government gave you total flexibility, could the amount of money you are getting from the Federal Government be easily swallowed up just by your maintenance needs?

Mr. SCHLICKMAN. Yes, but——

Mr. DEFAZIO. I know, but we are trying to magnify or quantify the problem.

Mr. SCHLICKMAN. Yes, it could.

Mr. DEFAZIO. Mr. Allegra, very quickly.

Mr. ALLEGRA. The short answer would be pretty soon. We haven't reached that point yet.

We are very cognizant of the fact that we need to maintain our facilities and our services that we operate. Annually, at our organization, our board requires us to develop and relook at a 30-year plan. Every year, they adopt a new plan to make sure that we are indeed investing and reinvesting in the systems that we built and the necessary rehabilitation of the systems that we own: buses and rail.

I think, as I mentioned in my testimony, the core capacity issue is also one that is troubling to us as we are seeing double digit increases in our ridership. We are struggling with the ways that we can add capacity to the systems that we have already built. So we are looking at many innovative and creative ways, and we are trying to leverage the Federal dollars as best we can with the resources we have locally as well as other programs such as transit-oriented development and other types of programs that would help maintain that base.

But from our organization's perspective, it is vital and fundamental. As we have mentioned, replacement of the buses every 12 to 13 years, it is automatic. It is a part of our program. We recognize we have to do that.

Our rail system now is approaching 10 years old, and we are beginning to reach the mid-life time period to renovate those light rail vehicles. We have an aggressive program in place to look at that and a financing plan to do it, but those needs are going to continue to grow.

Mr. DEFAZIO. Okay. Thank you.

Mr. Duncan.

Mr. DUNCAN. Well, thank you, Mr. Chairman.

I will just mention one thing before I get to my questions. We spent several years in this Committee working on the last highway bill which was unfortunately delayed, and we are trying to avoid that in this next highway bill. But we worked on a bill that was supposed to cover six years, and it was $286 billion which comes to about $47.5 billion a year.

When everybody today has said that we need much more investment in our highway and transit systems in our Country, three weeks ago, there was a front page story in the Washington Post that said that we had a $295 billion cost overrun in just the Pentagon's 72 largest weapons systems. That didn't count the cost overruns that might have occurred in the thousands of other large, medium and small contracts that the Pentagon had.

Yet, we just blink our eyes about that, and the Pentagon knows that we are going to keep on giving them big increases no matter how wasteful and inefficient they become because both parties are falling all over themselves, trying to prove how patriotic they are. It seems to me it is a blind patriotism that says we are just going to keep on giving these huge increases to the Pentagon at the expense of all the other needs in this Country.

We had a report last week on the defense bill that said we are going to spend $711 billion this year, more than all the other nations of the world combined, trying to maintain this empire across the globe—once again I will say—at the expense of all of these needs that we have in this Country.

I will say that even with the feeling that I have that national defense is one of the most important and legitimate functions of the Federal Government, but you can't give anybody everything that they want and just cheat everybody else.

Mr. Rahn, I am curious as to exactly what is the Missouri Bridge Partners. We always hear in this Committee about innovative financing, yet that is one of those terms. Everybody is in favor of innovative financing, but I would like to know if you have used that.

Have you used innovative financing, whatever that is? I am sure it means different things to everybody, but have you used that on some project and would you tell us specifically how that worked on a specific project?

Mr. RAHN. Mr. Chairman, the Safe and Sound Bridge Program is, in fact, one of those innovative financing projects. For the most part, innovative financing means we have borrowed the money, and we are paying for it in a way other than normal, but in the end we have borrowed money.

I would just add that our organizations run the same as many family households. It is that you would like to pay as you go. When you can't pay as you go, you borrow. If you borrow too much, you go bust.

All around the Country, we are borrowing as organizations, and I think it is an indication that we no longer can pay as we go. We are looking for some solution, somehow, but they are short term. They don't represent the long-term answer to our transportation needs. Ultimately, we have to have more money.

The Missouri Bridge Partners and the Safe and Sound Program is one in which we kept falling behind in our bridge conditions. We are deficient. The number of our structurally deficient bridges kept growing even though we were putting more and more money into it, and we wanted to come up with a radical approach to somehow get in front of the curve on our bridge inventory.

And so, we took 802 of our structurally deficient bridges that were environmentally clean, meaning there were not environmental issues associated with them and there were not highway safety issues with the bridge. The problem was just simply they were old and crumbling.

So we took these 800 bridges. We put it into a single proposal asking industry to come with a proposal in which they would design the bridge replacement or rehabilitation structures. They would then build them, and they would finance those for a period of 25 years. During that 25-year period, they would be also responsible for the maintenance of those bridges and their ultimate condition.

So they needed to bring these 800 bridges up to a good condition within five years. They then needed to maintain in a good condition for 25 years. At the end of 25 years, they needed to still be in a good condition.

In this way, we really are taking a huge portion of our deficient bridge structure out of that condition.

Mr. DUNCAN. I have questions for all the other witnesses, and so I need to move on quickly. On the borrowing part that you mentioned a while ago. How does your borrowing now compare to, say, 10 or 15 years ago?

Mr. RAHN. We are borrowing much more today than we did 10 years ago.

We are using the private activity bonds. You were asking about innovative financing, and I just wanted to mention that we are utilizing private activity bonds in which the Missouri Bridge Partners, which is the private sector team that has been selected to do this work, they will use utilize private activity bonds which means they can borrow money at tax-exempt status and utilize by a private entity for the benefit of a public sector.

Then the fact that they borrow the money and we are going to pay it back to them falls into this innovative financing.

Mr. DEFAZIO. I just wanted to follow up on the Ranking Member's question. I read the proposal. I was a bit puzzled because you have an initial period where you don't pay them anything up to 2012 or something like that, and then you would begin to make payments from that point forward.

What is their rate of return? I mean they have this private activity bond which lessened their cost, but what rate of return or what interest payment essentially are you paying?

Mr. RAHN. We are still at the tail end now of the negotiations for contract. We anticipate a contract within the next three weeks. So we still don't have all of that that I can disclose publicly.

Mr. DEFAZIO. Right.

Mr. RAHN. But what I can say is that, number one, we have decided that we are going to make some interim payments during the five years because the capitalized interest costs were just too great.

Mr. DEFAZIO. Right. You are going to carry that all forward. We have heard about those kinds of loans recently. A lot of people had them.

Mr. RAHN. Exactly. So we have decided that we will make some payments based on performance milestones. They are going to have to have 150 bridges complete before we will make a payment.

Mr. DEFAZIO. Right. So you are not going to carry all of it with deferred interest forward.

Mr. RAHN. Right.

Mr. DEFAZIO. But you are still going to have some sort of interest.

Mr. RAHN. Yes.

Mr. DEFAZIO. I would just be interested in the details when you finalize the contract, and I realize if you are in negotiations, you don't want to. But when you conclude that, I would be interested because I would like to see a comparison between what it would have cost your State to go out and borrow that money straight up front and do the work and what you are going to get out of this for a rate of return of interest cost in this deal.

I realize there may be other attributes to it in terms of volume or whatever.

Mr. RAHN. Speed. It is speed plus the fact that we are transferring all of the risk of inflation to that team. We lock in the prices for these next five years.

Mr. DEFAZIO. Right.

Mr. RAHN. But the rate of return, I will be able to answer that question. Because of private activity bonds, the difference between the two is not as great as you would expect.

Mr. DEFAZIO. But anyway, we will. I think we will have more questions, and perhaps we will direct them to you in writing as you complete the negotiations.

I am sorry. Thank you. I thank the Ranking Member for that.

Mr. DUNCAN. Oh, that is all right. Those were good questions.

Secretary Biehler, do you want to make a comment?

Oh, okay. Well, let me ask you this, Mr. Secretary. According to your testimony, since 2004, your Department has moved investments from increasing highway capacity to just trying to keep the system maintained and in good repair. How much of a shift are you talking about and is that going to increase in the future?

What impact has this had on your system and what do you see in, say, the next five years or so?

Mr. BIEHLER. Yes, clearly, we have made a major shift. We had been devoting in the neighborhood of 25 or so percent of our revenues to capacity and congestion relief, physical improvements, and then in the series of the last 3 updates of our program, we are probably going to be closer to about 10 percent. We just had no choice.

We had no choice because of the deterioration, simply keeping the pavement in the case of our highway system in decent shape and also the tremendous backlog and structurally deficient bridges. With a bridge, it would have to be weight-restricted or closed, potentially shutting off emergency access to neighborhoods. There is no choice.

So we are moving that way, and I don't know whether the next update will be at 5 percent and down to nothing. I honestly don't know. It is really going to be dependent on where inflation goes and then where our revenue sources are.

Unfortunately, well, obviously as with many States, we are dependent on gas tax revenue. I just got a report last night that our current 2007-2008 budget which ends at the end of June. We just got an update that we are going to be facing something like $99 million less in gas tax revenue simply because of less use and projected to be about 109 for the next year.

Obviously, the message is stay tuned because we don't know where gas prices are going.

So those are the kinds of drastic changes we have had to react to. We have no choice. We have, in fact, reacted that way. It is not the right answer, but it is what we have had to do.

Mr. DUNCAN. Well, let me ask you this. I know that over the last 30 or 40 years you have lost several Members of Congress due to population decreases or faster population growth in other States. Do you know what the projections are for Pennsylvania?

Are you going to continue to lose population and have you factored that into your projections for the future? What are the projections?

Mr. BIEHLER. We are at about 12 million population in Pennsylvania, and we have been in a 1 to 2 percent growth.

Now it really, obviously, depends on where you are in the State. If you are close to the eastern portion of the State or the southeastern portion of the State, the megalopolis increase is clear. There have been population increases in that area and, in other parts there have actually been decreases.

But in terms of the long term, clearly, we have been attempting to project ahead what our current revenue sources will produce certainly related to change in people's driving habits and so on. That is why. Next year, the budget was submitted just a few months ago. We are getting such surprises because of the rapid rise in diesel fuel and gasoline, and we have had to make adjustments.

As I say, we are really in a volatile period as we all know.

Mr. DUNCAN. All right. I have questions for all, but I will stop with Commissioner Bowman.

Let me ask you this, Commissioner. On average, how much of your funding comes from the Federal Government as opposed to State and local sources?

I read a few days ago that two-thirds of the counties in the U.S. were losing population. That surprises people in my area because I am in a fast growing area. But your county, is it growing and what do you think we should do?

It seems to some of us we need to direct more funding to the fast growing areas than the areas that are losing population. How do you see this not only in relation to your county but in relation to your entire State?

Mr. BOWMAN. The State of Washington, I believe, is in definite growth mode. We, in Benton County, my county, we are experiencing around 2.5 to 3 percent as we have for the last, basically, 20 years. We are only up to 166,000 in my county.

My transit agency serves bi-county, mostly bi-county, and we have a population right at 200,000 for this transit system. Our growth is controlled, but it is very good and it is strong, and our economy is good and strong at this point.

Our transit agency, we have made a decision that we would not get involved in a death spiral on borrowing. We owe no dollars to anyone for any reason.

We maintain all of our maintenance and operations through fares as well as we just doubled the cost. The citizens just imposed doubling of their sales tax dollars that goes dedicated to transit, and we just raised our transit fees by up to 20 percent.

We continue to have growth, 32 percent within the last 5 years since the imposition of an additional three-tenths of a percent sales tax. In just the last month of April, we had a 20 percent increase in utilization even after a February increase of the 20 percent boarding fee.

So those types of things, we just don't get involved in. We try not to get involved in them.

Mr. DUNCAN. How much of your funding is Federal as opposed to State and local?

Mr. BOWMAN. For transit or for highways?

Mr. DUNCAN. Both.

Mr. BOWMAN. That is a really good question. I will have to get back to you in writing on that, if I could. Yes.

Mr. DUNCAN. All right.

Thank you very much, Mr. Chair.

Mr. DEFAZIO. I thank the gentleman.

I am going to briefly recognize the Chairman, and then it will be Mr. Sires' time.

Go ahead.

Mr. OBERSTAR. Thank you, Mr. Chairman, and I really appreciate your questions, your opening statement.

And, Mr. Duncan, when the Ranking Member was talking about the cost overruns in the military budget, I can only say amen to his observation about that issue.

If we had had the same proportion of overruns in transportation, there would be a national outcry and criminal investigation going on in every transit agency and every highway department in America. But if it is in the military budget, it is all right. Well, it is not all right there, and it is not all right anywhere else.

Now this panel has given us some very important testimony which I greatly appreciate. But I want all of you to come back to the point that Chairman DeFazio started on and I elaborated which is that of a proper balance between Federal funds for capital investments and maintenance and what is the appropriate national policy and appropriate balance in the partnership between the Federal Government and, in the case of highways, States and, in the case of transit systems, local governments.

Ms. Watson, you gave a very clear six-point statement of issues you would recommend for us, one of which really caught my attention because I was talking about it all this past weekend at various transportation events in my district and I have been elsewhere, and that is the relationship between land use and transportation. We see it in aviation. We see it in the highway program. We see it in the transit program.

You focused on: ''incentives that force local governments to develop smart growth plans, high density development around multimodal transit systems.''

We have seen the effect of capital investment clustered around transit stops on the light rail systems of this Country. The Dallas Area Rapid Transit is one, nearly a billion dollars clustered around 20 stops on the DART West. Before they even started on DART East, there was $125 million of capital investment announced for the planned stops along that system.

Here in Washington, D.C., over $25 billion in capital investment clustered around stops.

That investment and we can go system by system all around the Country, which I won't do, and point out how transit has attracted development, but we need to take the model, turn that model around and establish the land use policy first.

I visited a community that required a developer to put in the bike lanes, to put in the pedestrian walking paths, to put in stops for bus service before they even plotted out the land they are going to develop for housing and for shopping centers. It required Wal-Mart in planning its development to put in bicycle access, bus access before they began their development.

What incentives do you recommend that we might include in the next transportation bill to encourage and to stimulate wise, smart growth, compact growth, land use policy connected to multimodal transportation systems?

Ms. WATSON. I think perhaps maybe something similar to what has been done with the highways system. When the highways were built, Federal funds were made available for the construction of

those and, maybe knowing or not knowing, that created in many senses the suburbs and that kind of sprawl development.

Mr. OBERSTAR. Really, in the development of the interstate program, first, a national plan was laid out to connect cities of 50,000 population or greater. That was not a land use plan. That was connecting with what already is. We need to prevent the sprawl.

Ms. WATSON. Yes, and everything you have said, I would agree with. I think we are very similar in thinking on that.

There is a lot of people moving into the inner cities, whether they are baby boomers or X/Y generation. People like the dense development and walkable communities where they can work and attend entertainment events in similar areas.

I believe the communities that are doing the smart growth planning that is friendly to our environment could be incentivized with funding available for transit facilities, assuming they have those comprehensive development plans that encourage and develop that kind.

Mr. OBERSTAR. I would like to ask all the other members of the panel to comment, but I don't have time. I have to go to other transportation issues and have to curtail my questioning.

But I want all of you to think about this. You are all premier thinkers and leaders and policy implementers in your respective roles, and we need your thoughts. Supplement your testimony.

Help us to get to the New Jersey model. Ten percent of all transportation in the State of New Jersey is by transit. They have achieved the national goal that we should set for America.

If we achieved a 10 percent mode shift to transit, we could save all the oil, the equivalent of all the oil we import from Saudi Arabia. That is 550 million barrels a year. Multiply that by $130 plus a barrel. That is a huge savings.

The cost to get there is minuscule compared to the cost we are sending overseas.

Mr. Chairman, I will have to suspend there. I would love to pursue this further. I know I just get exasperated that we are not further along than we are in this Country with our surface transportation.

We have come a long way from the day I remember when I was on the staff here, and the Congress started the Urban Mass Transit Administration. I remember the critics who said, what do you mean we are going to start bussing Catholics to church? It took a long time to get over that.

[Laughter.]

Mr. DEFAZIO. Thank you, Mr. Chairman.

Mr. Boustany.

Mr. BOUSTANY. Thank you, Mr. Chairman.

I think Chairman Oberstar raised some very good historical points earlier about priorities.

Then in some of that discussion, Mr. Rahn, you mentioned the 108 different programs and the need for clarity, and perhaps that is something this Committee needs to look at as we go into the next highway bill in providing more clarity about those guidelines, about what constitutes preventive maintenance versus repairs and so forth, and we need to provide the oversight to make sure that the Department is doing what it is intended to do.

I want to step and sort of take the 30,000-foot view for a minute. Clearly, we have funding issues at the local, State and Federal levels. When you have that kind of scarcity with increasing costs and unpredictability on commodities such as asphalt, cement, steel and so forth, when you have scarcity, you need a good strategy, a good strategic plan.

Are you satisfied? Are each of you satisfied with the strategic plans in your respective States and could you highlight any deficiencies you see in those strategic plans? I will let you each comment on that.

Mr. RAHN. Mr. Chairman, the strategic plans that we have in place are all constrained by the dollars that we predict are going to be available, and so I believe that we have good strategic plans with the constraint of available dollars, but the strategic plan does not get us where either we want to go or the public wants us to go. I believe it gets us where the public apparently wants to pay for. That is the issue.

We are, in many cases, performing triage. We are determining within our programs and within the modes, what are we going to let to continue to slip, what are we going to do away with as we move forward as we have to address the issues. The inflationary costs within the construction industry far exceed the CPI that the average consumer has seen over these last decades.

The pressures upon us, the usage, the deterioration of our system, all of these things we do factor in. We, in fact, do have strategic plans in place, but they continue to show a path of continuing to crumble infrastructure, higher congestion and fewer choices available to the public.

So, if we can change that paradigm, if we can change the inputs into it, we can end up with a different strategic plan.

Mr. BOUSTANY. Well, I heard Biehler mention earlier the need for a national agenda, and I am trying to understand what does that mean because I don't think we can dictate here in Congress or the U.S. Department of Transportation can dictate from the top-down what our strategy is going to be. I believe it needs to come from the ground up.

I want to make sure that, State level, States are doing all that they can to come up with a good plan, given the resources we have because we are going to have to deal with the resources that we have, in effect, unless we come up with other innovative ways to finance this.

And, are the rural communities really integrated well into those State strategic plans, Mr. Biehler?

Mr. BIEHLER. I would love to talk about that.

At the Pennsylvania Department of Transportation, in our case, we have four primary focus areas. One is preservation of our system to the extent that we can.

Next is intelligent transportation systems. We are probably not going to have enough money to address capacity. So we are going to use as much as we can, cameras and information systems, to maximize the utility of the current system.

Next is we will never forget about safety in the case of the highway system especially.

Then, finally, it is much more generalized, but you talked about a 50,000-foot level issue. It is connecting transportation investments to land use and other policy. Boy, is that a mouthful.

Mr. BOUSTANY. That is critical, given different industries in certain areas where you may set priorities because of certain strategic industries, evacuation routes depending on circumstances. Certainly on the Gulf Coast, we have evacuation route concerns. Then, of course, congestion is an overriding concern for everyone.

So I appreciate that.

Mr. BIEHLER. We are looking at exactly what you said. We are not just looking at urban areas but also rural areas, and we need to be able to think and encourage land use patterns that are most efficient from a transportation standpoint.

If that means thinking about development patterns so that people, to the extent that they are encouraged to walk and bicycle, even in rural areas, is a good thing. In Pennsylvania, we have lots of precious core towns that we want to help encourage that kind of development as opposed to the kind of sprawl that will make people so reliant on only auto travel. It is just the wrong thing to do.

In Pennsylvania, we have also put significant subsidy into, as an example, an intercity rail line between Harrisburg and Philadelphia. That one line has grown dramatically even before the most recent fuel increase.

So, having a balance of different kinds of modes including public transportation, whether it is within an area or between areas, is critical.

Mr. BOUSTANY. I thank you.

Anybody else want to comment? I think my time is up but, yes, please.

Mr. BOWMAN. I thank you very much.

I would refer you back to my testimony where I said, in fact, that the highway safety improvement program used to be targeted to those roads that need safety improvements and local government officials need to be part of that process that develops the strategic highway safety plan. Current regulations do not allow local governments to be involved in that process.

So is it a good process? Is it a good plan? I really don't know because I am not allowed to be part of it, and so I don't know the arguments that built it. So if we were there, we would have a better idea of that.

I would also mention again that in my community the citizens, one, they voted in, themselves, a 5 percent gas tax increase. They allowed our State legislature to bring in a 9.5 percent gas tax increase within the last 5 or 6 years.

The reason for that was because every dollar, every dime went to a project specific. They were projects that they could see, and they felt they concurred with that need.

Now, in our local community, we did. In fact, the citizens doubled their sales tax. They did allow and encourage us to increase their boarding fees because they could see the outcome of that. It was not a deep hole.

So I think if the citizens in my communities at least, can see the need, they would generally buy into that. We are going to test them

again on police and safety here this fall. But we have tried that on transportation, and it seems to work when they can see the need.

Mr. SCHLICKMAN. Very quick and very blunt, every time you do an authorization, you set goals for that authorization. They are set out there, and they are somewhat tied to the planning process.

From my perspective, there is lip service paid to those goals at the regional and State levels. I do not believe that there is a strong incentive for urban areas or even States to seriously address those goals, and there is no accountability.

I think the Revenue Commission called for performance measures. We are doing performance measures in Chicago, and they are tied directly to a strategic plan.

So, in terms of dictating, sure, I don't think you should be dictating the details of a capital improvement program, but you certainly should seek adherence to your national goals and you should have some way of measuring that. We support that.

Mr. BOUSTANY. Thank you.

I yield back.

Ms. HIRONO. [Presiding.] Thank you. Thank you very much. Let's proceed to questions by Mr. Sires.

Mr. SIRES. Thank you, Madam Chair. I thank you and the panelists for being here.

Mr. SCHLICKMAN. Yes, sir.

Mr. SIRES. I heard you mention that you are doing a capital assessment in metropolitan areas. I know it is not complete, but can you tell me what factors you are taking into consideration?

I am from New Jersey, and I am very interested. At the end of your process, if we could have a copy of it, I would be very interested.

Mr. SCHLICKMAN. Absolutely.

Mr. SIRES. But what factors are you taking into consideration?

Mr. SCHLICKMAN. Well, simply what we are doing is we are surveying our members—New Jersey is one of them—to give us their capital needs in a uniform way according to a set of criteria or not criteria but categories: rolling stock, facilities, electrical and communications.

Give us that information. We will aggregate it for you and submit it for the record. That will sort of give you the baseline view of where we are at with our unfunded maintenance needs. That is out intent.

Mr. SIRES. The ultimate goal is what?

Mr. SCHLICKMAN. To give you a better picture of how serious the maintenance needs are particularly for the largest transit systems in the Country.

I tried to give you an example of those maintenance needs by using Chicago, but what I would like to provide the Committee in a more definite detailed summary, and that is what we intend to do.

Mr. SIRES. Thank you very much.

I assume that everybody that is on this panel are directors. Whether it is a different State, you are going through a similar process. What are the factors that you use to cut back because obviously there is not enough money to run your systems?

Everything is getting more expensive. I heard you mention steel. I heard you mention asphalt. What is your criteria when you start cutting back?

Sooner or later you are going to have to start. Do you go with manpower first? I assume that is the last thing you go for.

Mr. BIEHLER. Yes, I would be happy to.

We have done everything from having a much greater use of recycled asphalt as an example.

We have clearly had a different focus on our design, looking at the footprint of when we have newer construction to see if we can end up with, in this case, a roadway that has a smaller footprint than we have typically designed for in the past.

We have simply cut out huge amounts of capacity projects that we no longer can afford. We have either called for them to be rescaled smaller or simply stopped.

We also are focusing in the case of our bridge system on making sure we are looking at 100-year design. So when that project is any new bridges are put in place, we have a longer life.

We have also in the case of our bridge system had a special preservation program to simply try to extend the life of our structures. So we are trying quite a series of activities.

Then, finally, we are walking into the very difficult issue of trying to think about better land use connection with transportation investment. It is more difficult because, obviously, the Department of Transportation doesn't control land use. It is all the 2,550 some odd municipalities within the Commonwealth of Pennsylvania, and we need to have that partnership.

Mr. SIRES. Mr. Biehler, wasn't Pennsylvania working with New Jersey Transit to link right all the way up to New York City? Wasn't there a railroad yard or something they were working on?

Mr. BIEHLER. Yes. Yes, clearly so.

Mr. SIRES. With all these cuts, is that going to be a problem in the future?

Mr. BIEHLER. It may well be.

I would also point out when you mentioned Pennsylvania and New Jersey. We have been working with the New Jersey Department of Transportation on something called a Smart Transportation Design Guidebook. Again, it is kind of a joint effort that we are going to both benefit from as we just turn the corner and think of our jobs differently.

Mr. SIRES. You wanted to add something, Mr. Bowman?

Mr. BOWMAN. Yes. Just on the small community aspect of it, we just go back and reevaluate and prioritize projects. Part of that, a huge part of that is just the reevaluation of which one is costing us the most to maintain and trying to do the upgrade on that. So we can actually reduce the maintenance, as I said, from 80 to 90 percent by doing a good job on those upgrades. That is a real key to us.

Mr. ALLEGRA. Thank you. I would like to highlight a couple of things we are quite proud of in Utah. There are four of them in particular I would like to mention and put on the table.

One of them is our construction methodologies. I think we are enabled to use very innovative construction techniques that allow us to be very creative in the way we deliver projects. We have done

design, bid, build. We have done design, build. We are using construction manager general contractor.

We are now looking to our new approach, where we share risks with the contractors and designers, called alliancing. That has been fortuitous to us in terms of delivery of our projects.

As we build our capital projects, we sign very delicate agreements with local governments so that our expectations of what we are building are met as well as maintaining the cost of keeping up those facilities. So we don't allow the cities to get us to build things that are going to be very expensive to maintain.

Thirdly, we are using existing facilities for our maintenance shops. In fact, when we acquired the Union Pacific Railroad in Utah, they gave us a maintenance facility. We probably have the lowest cost maintenance facility in the United States because we are using and reusing buildings that have been out there.

Then, lastly, I appreciate the State of New Jersey and New Jersey Transit because we have been acquiring used rail cars to supplement our fleet. We have 29 NJT Comet Cars that we acquired from NJT to help us supplement our fleet and get more service on the road for less cost.

Mr. SIRES. So I am correct to assume that the last thing you would do is cut manpower, no?

Mr. ALLEGRA. Not in our case. We are rapidly, rapidly growing. The last thing we want to do in the transit industry is reduce services. So one of the things you have heard today is that we are having a fuel surcharge, and we have had a successful outcome just recently in Utah about saying as the price of diesel fuel goes up for our fleets, we need to incur that cost, some of it, ourselves by belt-tightening, but more of that comes from an increase in our fares.

Mr. SIRES. Thank you.

I think I am way past my time. Thank you very much for your courtesy.

Ms. HIRONO. Mr. Schlickman, did you want to make a very short comment.

Mr. SCHLICKMAN. Yes. On your last point about labor, what will happen on the operating side if you don't maintain the system is you become more inefficient on the operating side. That eats into your ability to pay for day to day operating expenses. When that is challenged, then you have to consider possibly cutting service, and then that means cutting labor. So they are intertwined.

Mr. SIRES. Thank you.

Ms. HIRONO. Mr. Dent.

Mr. DENT. Thank you, Madam Chair.

Secretary Biehler, great to see you again. Thanks for being here, Secretary.

On page three of your testimony as well as page four, I know you refer to the two proposals under consideration in Pennsylvania, leasing the turnpike as well as Act 44 which would provide for the tolling of Interstate 80 on the northern tier.

I just want to be clear for the record that the Commonwealth is pursuing both. Well, Act 44 is a law. You are waiting approval of tolling of I-80 from the Federal Highway Administration.

Is it my understanding that your application must be resubmitted? It was sent back to make revisions and changes, is that correct?

Mr. BIEHLER. That is correct.

Mr. DENT. Will you be resubmitting that application with changes and simultaneously seek to lease the turnpike?

Mr. BIEHLER. The application that was submitted by the Turnpike Commission was found to need additional augment.

Mr. DENT. Right.

Mr. BIEHLER. The Commission is in the process of trying to finish revisions to get it submitted. But, yes, the answer is yes.

At this point, we don't know if the tolling of Interstate 80 will be approved by the Federal Highway Administration.

Mr. DENT. Right.

Mr. BIEHLER. The Governor, Governor Rendell, has been a real champion for trying to increase infrastructure investment. In his continued effort, he has said that he simply wanted to know what it would mean if we considered privatizing the Pennsylvania Turnpike, in effect, leasing similar to Indiana. In fact, that process was completed, at least in terms of taking bids, a few weeks ago.

It turned out, surprisingly, that the amount of proceeds project from the Act 44 that included tolling I-80 would be if you leased the turnpike as an alternate, leasing the turnpike would produce something like $100 million plus more per year over a period of 75 years than would the Act 44.

So the Governor wanted to and is in the process of talking to the general assembly to see if they are willing to consider that.

Mr. DENT. The question I am getting from some of my constituents, Mr. Secretary, is this: If I-80 is to be tolled and approved by the Federal Highway Administration, would then the Commonwealth still seek to privatize the turnpike system, knowing that I-80 would now be part of the turnpike system?

Mr. BIEHLER. The Governor has proposed as part of his proposal to lease the turnpike, that he has proposed not to lease Interstate 80.

Mr. DENT. Okay. So I-80 would not be part of any lease.

Mr. BIEHLER. Just so the Committee knows, this Act 44 depended on increasing the turnpike tolls by about 25 percent beginning in 2009 and about 3 percent thereafter was their projection, coupled with tolling Interstate 80 for the first time at the same toll structure which would mimic the main line of the Pennsylvania Turnpike. They are about 60 to 75 miles apart but parallel across the State.

Interestingly enough, the private marketplace in this recent bidding showed that it would provide enough up-front dollars to be invested to be able to pull off of that not only the amount equal to this other option, but in fact it would exceed it by an amount in excess of $100 million.

Mr. DENT. So I can tell my constituents that should I-80 be tolled, that would not become part of a privatized turnpike?

Mr. BIEHLER. That is what the Governor's proposal is.

Mr. DENT. Okay. The other question I had too: Should I-80 be tolled, should the Federal Highway Administrator approve that,

have you given consideration in terms of traffic diversion off of I-80 onto other routes including I-78?

I'd like to get that information. If you don't have it, please send it to me at some point. I would like to see it.

Mr. BIEHLER. I would simply mention, Mr. Dent, as part of the analysis that the turnpike is required to do is to examine that. So, when that is done, we will make sure that they know that you are interested and make sure it gets sent.

Mr. DENT. I just would like to see whatever analyses have been done on diversion.

Mr. BIEHLER. Sure.

Mr. DENT. Coming out of New Jersey, I suspect there will be a lot of traffic coming down off 287 on the 78, avoiding I-80, should it become tolled.

Mr. BIEHLER. Sure.

Mr. DENT. A second comment, there was a national publication that I know caused you some concern and heartburn with respect to Pennsylvania's bridge funds being diverted elsewhere. I know it created a lot of heartburn. Some Members of the Committee were concerned about that.

I just wanted to give you the opportunity to explain what was in that document and why maybe you weren't diverting a third of your bridge funds for other purposes.

Mr. BIEHLER. More than meets the eye there. The Federal Bridge Program—interestingly enough, you talked about flexibility earlier—allows 40 to 50 percent of those dollars to be used and transferred to other programs. Pennsylvania took full advantage of that and I think, unless I am mistaken, was the leader in all of the States in terms of the amount of money in bridge funds that were shifted to other programs for the Federal permission.

Makes you want to ask why did you do that when you have perhaps the largest number of structurally deficient bridges of any State in the United States?

Well the answer is pretty simple. First of all, the amount of money that we shifted, we spent much more on our bridge program in Pennsylvania than all of the money combined that was in shifting. What really was going on was simply to be more efficient in terms of our bookkeeping.

The Federal requirements are that if you use bridge funds on a project—let's say you have a five-mile highway you are rebuilding and there are three or four bridges in that stretch, you have to keep two sets of books. And so, what we decided was to transfer the money elsewhere, use other portions of Federal dollars to build it.

It is sort of a net zero sum game, but if you were interested in picking at us, you could try to make a story out of it. The bottom line, though, is we have spent so much more on our bridge program than that program would even allow. We were just trying to simply be able to have an efficient book.

Mr. DENT. What was the name of that document? It was a report. Was it in Transportation Week?

Mr. BIEHLER. Yes. In fact, I wrote you a letter.

Mr. DENT. I know. You sent me a long, extensive letter.

Mr. BIEHLER. If you are interested in seeing that, I would be happy to provide it to the Committee.

Mr. DENT. You might want to circulate that to the entire Committee.

Mr. BIEHLER. Sure. I would be happy to.

Ms. HIRONO. Mrs. Napolitano, please proceed.

Mrs. NAPOLITANO. Thank you, Madam Chair.

I have listened with great interest to the testimony given here today. While there is nobody from my neck of the woods in California, it is interesting to hear the different ways that you have addressed some of the issues that you have in transportation in your areas.

I listened with great intent in regard to the comparison of foreign investment versus U.S., but many of the States have not invested much in their infrastructure. I can tell you California has been one of them. So they rely mostly on Federal funds instead of being able to invest in our own infrastructure.

Why is that? Anybody?

Mr. SCHLICKMAN. I will address from the transit perspective, and I mentioned it earlier.

We have, unfortunately, gotten into a position where we will do a five-year capital program at the State level that winds up dragging out to ten years rather than five years. The reason for that is that those capital programs are largely bond programs and require new revenue sources, new revenue streams in order to pay for those bonds. When the program expires, there unfortunately is a lack of political will really to identify new revenue streams which usually comes in the form of a tax, mostly in the user fee area.

What I mentioned specifically earlier is that on the transit side, I mean we used to be able to say that if you don't do a new State capital program, we are not going to be able to match Federal dollars and those Federal dollars are going to fall off the table and go to some other State.

But we have this toll credit opportunity, and they know we have toll credits because we have an Illinois Toll Highway Authority that produces hundreds of millions of dollars in tolls each year, and those toll credits replace real money for matching purposes. So that is a huge disincentive.

There isn't a clear incentive to come up with real money for matching. Again, it sort of takes away the opportunity for people to find the political will to do what they need to do.

Now, that said, the backlog of capital projects in the State of Illinois is huge and is putting a great pressure at the State level to do a capital initiative, and we will do a capital initiative.

Mrs. NAPOLITANO. Thank you, Mr. Schlickman. I think you have hit the nail on the head, though, the political will.

I have very short time, if you would answer it very quickly, sir.

Mr. RAHN. Yes, ma'am.

The Federal share on capital expenditures for a highway program is 45 percent. It has pretty stayed within that realm over the last several decades. It has probably shrunk.

Mrs. NAPOLITANO. So you are suggesting it should be increased?

Mr. RAHN. It has actually shrunk a couple of percent. So the idea that the Federal Government has picked up a larger share of the

construction in the realm of highways is fact not borne out by the facts. It is the States have been contributing dollars toward that at about 55 percent.

Mrs. NAPOLITANO. Well, many of the things that are coming up, and one of my concerns is the rail versus highway, in other words, getting people out of their cars and into mass transit. Given the higher gasoline cost, that is going to reduce taxes that are going to be available to the States which then brings on more reliance on rail.

However, the railroads own a lot of the rail itself, so their biggest producer of funds is goods movement versus commuters. That brings in rail crossings, the railroad grades separations which are critical to be able to move not only commuter but goods movement.

How is it that we may be able to marry it, if you will, or be able to put priorities to increase the ridership and still maintain the economy that goods movement brings, especially from the West to the East?

Yes?

Mr. RAHN. I don't have an answer for you. That is a huge problem that we have.

Mrs. NAPOLITANO. Thank you.

Mr. Allegra and then Mr. Schlickman.

Mr. ALLEGRA. Thank you.

Perhaps Utah is a good example where we have formed a wonderful partnership with the Union Pacific Railroad. In 2002, we purchased perhaps all of the railroad rights of way in our urban areas and allowed the railroads to continue to run their service. So we actually bought a portion of their railroad right of way and are now running our own passenger service next to their freight services.

We are quite proud of that model, and that is one of the reasons that has allowed us to greatly expand our system. So, in Utah, you will see and you have heard that we are rapidly expanding our system, and our local community has agreed to pay for that investment.

Mrs. NAPOLITANO. Thank you. Very good.

Mr. SCHLICKMAN. We have an excellent relationship with virtually all the freight railroads. They all converge on Chicago. We have the largest freight rail hub in the United States, third largest in the world.

Our commuter rail system runs on largely freight rail tracks, but as you probably know and you have probably heard of the CREATE program that Chicago and the State and the Association of American railroads have put forward to address a huge capacity problem that we have. That needs to be addressed.

Again, we need the political will at the State level to step up and match what might be provided from the Federal level. It is clearly a Federal issue. I mean we have freight backing up all the way to Los Angeles.

Mrs. NAPOLITANO. Well, it might be a Federal issue, sir, excuse me, but it is also a railroad issue in many areas.

Mr. SCHLICKMAN. Certainly. They are partners in the process, and they need to make a commitment as well.

Mrs. NAPOLITANO. I have the Alameda Corridor East going through my district which brings in over 50 percent of the Nation's goods to the eastern area, and yet I have 54 crossings. Only 20 are going to be grade separated.

Not only is that going to slow down the train traffic, but it is also going to be more imposing on the community and the quality of life, the environment, the safety. You name it. So those are issues that I am contending are going to have to be part of what the new surface transportation authorization is going to have to address.

Mr. SCHLICKMAN. I totally agree.

Mrs. NAPOLITANO. I think I am running out of time, ma'am. I think the gentleman wants to have just one word.

Ms. HIRONO. Very quickly.

Mr. BOWMAN. Thank you.

Very good question. My experience has been two-fold. One is rail crossings that you are talking about. It is a huge issue for me. I fight with the railroad company all the time and get nowhere. I get lip service, and nothing happens. That is another 25-minute discussion.

However, the success is that we actually in Washington State, in my community, have what is known as Rail Ex. This is where everybody brings their produce into one location. Within four days, it is on a train. Within five days after that, it is actually in New York State, and it is local produce.

So it is some type of a program. I am not sure how that works, but it is working well for us. In fact, they are doubling that process now. It is two times a week they are going out with that. So there are some successes.

Mrs. NAPOLITANO. Thank you, sir.

Thank you, Madam Chair.

Ms. HIRONO. Mr. Boozman.

Mr. BOOZMAN. Thank you, Madam Chair.

Mr. Biehler, you mentioned earlier that, oh, using cameras, things like that, that you could increase the capacity in the system.

I am always amazed. Being on the Committee for several years and driving around, you notice things like signage. Sometimes signage is totally screwed up and, as a result, it really does exacerbate the problem.

Again, I know you don't know it exactly, but is there a lot of low-hanging fruit by doing those kinds of things, getting that straight, that we can increase the capacity a little bit more?

Certainly we have to spend a lot of money on the infrastructure, but what can we do in regard to that that we can almost fix overnight?

Mr. BIEHLER. Yes, I think it has been pointed out especially in very congested corridors if you can do incident management much better. It is a huge issue.

People have talked about having delay being as much as 50 percent related to these temporary incidents of crashes or breakdowns and so on and how that has a huge impact on the capacity of the system for a short period of time. But coupled, it really, really makes a difference. So if you can get out there quickly and remove those that is the kind of thing we are talking about.

The other thing is simply providing better information to the public about blockages that are in the system 10 miles ahead allows people to react differently.

So, no. I think it is one of those low-hanging fruit issues simply as we have seen in a number of States that have campaigned. Simply retiming traffic signals, something as small as that can make a 10 to 15 percent difference in your system.

Now the average rider, I am not sure they sense what a 10 percent increase is, but it means something, and it certainly means something in terms of fuel economy and so on. There are a number of those things that we ought to be moving ahead more rapidly on.

We are trying to do that in Pennsylvania. We have a ways to go, but we are certainly heading that way.

So, no. Those are things we absolutely should do. But to think that that now takes care of the problem is probably not accurate at all, but it is certainly stuff that we ought to put in our back pocket.

Mr. BOOZMAN. It is not going to take care of the problem, but it is in many cases fairly inexpensive to do. Even, in some cases, spending a lot of money down the road still doesn't take care of that problem if that makes sense.

So something that would be helpful to me is any suggestions. We don't have time now but any suggestions, if you could just write a little note as to how we can incentivize people to do that, I think would be very, very helpful.

Mr. Rahn, in your testimony, again, being in Arkansas next door, it is kind of scary. You mentioned tremendous increases in traffic, truck traffic in the future and stuff. Then also in your written testimony, you testified to the fact that much of the infrastructure in Missouri is in dire straits as it is through the rest of the Nation.

I guess the question is how are you using the assets that you have now?

How are you maximizing to kind of keep things?

What are your best practice areas of keeping things going?

Mr. RAHN. Right now, most of what we are dealing with are surface treatments. I-70 is now 52 years old, and it is mush underneath. We will put a three-inch overlay on it, and it will be smooth for a while. But with 35 to 40 percent truck traffic on it, it doesn't last.

What we are doing right now is just trying to hold it together. The bottom line is, though, we need to reconstruct I-70. Our costs, we have a clear DIS on it: $3.5 billion to rebuild I-70 across the State, and we have zero dollars.

Mr. BOOZMAN. How much loss in buying capacity have you experienced in the last 15 years, would you guess?

Mr. RAHN. It is huge.

Mr. BOOZMAN. Sixty percent? Fifty percent?

Mr. RAHN. It is 60 to 80 percent with what we are seeing in inflation right now. Our projection has been that it would be 80 percent by 2015, but I believe with current inflation rates, that is going to occur much sooner than that.

So the dollars that we are putting into this are buying so much less.

Mr. BOOZMAN. I think the figure that Dan Flowers uses, again, this was several months ago, prior to the oil runup and things. I think his was 60 percent in the last 15 years. Those numbers are very helpful to us because you feel like you are doing something, but when you actually look, that is just staggering to deal with.

I appreciate your testimony. Not only your verbal but your written testimony was very good.

Mr. Bowman, very quickly.

Mr. BOWMAN. Real quickly, it is interesting.

Mr. DEFAZIO. [Presiding.] Very quickly, because we are going to try to get you out of here without having you wait through a bunch of votes.

Mr. BOWMAN. Thank you.

Coordination of signal lights in Washington State, there is a citizens' initiative that would require exactly that.

Mr. DEFAZIO. Okay. Thank you.

We have two remaining people with questions and, in order of arrival, first would Ms. Hirono.

Ms. HIRONO. Very briefly, there are all kinds of reasons for wanting to support rail transit, and I was particularly interested, Mr. Allegra, in your testimony.

Turning to pages four and five of your testimony, you make some recommendations. I would just like to know which of these recommendations are best done by Congressional action, via statute, statutory changes? Can you just go over very quickly?

Mr. ALLEGRA. Yes, I can if you are referring to those that are starting with allowing for the exceptions.

Ms. HIRONO. Yes, pages four and five.

Mr. ALLEGRA. Many of them are referring to the New Starts process that we are heavily involved.

Ms. HIRONO. Honolulu City and County is one of the New Starts programs, and that is why I am interested.

Mr. ALLEGRA. I am aware, and I have been helping the Mayor there through this process.

There are many of those issues that we are working through the APTA and the Federal Transit Administration to streamline the process.

Ms. HIRONO. Are there any that require Congressional or statutory clarification or authorization in your suggestions?

Mr. ALLEGRA. Perhaps the one dealing with the New Starts rating called the Transportation System User Benefits. That is one of the Federal requirements that I am aware of, and there is some keen interest, I believe, in Congress as to relooking at that factor.

Ms. HIRONO. What about on page five of your testimony, you had some suggestions on streamlining project delivery? Any of those require or are best done by Congressional or statutory action?

Mr. ALLEGRA. I don't believe so.

Ms. HIRONO. All right. Thank you very much.

Mr. DEFAZIO. Thank you. Those are good questions, and we are always interested in ideas on how to streamline the process there. We have been trying to get them to develop rules that are congruent with the law. We don't think they have, and any ideas you have would be great.

Ms. Richardson.

Ms. RICHARDSON. Thank you, Mr. Chairman.

Earlier today in the discussion, there was much talk about flexibility. I am one of the new kids on the block. I just recently served in local government less than a year ago and then in the State Assembly. So I would welcome any suggestions you have as we go through this SAFETEA-LU process.

Any suggestions that you would like to see, very specific, about the flexibility required, I would be willing to bring those forward with the Chairman and seek help because I saw that very closely in serving in local government, which leads me to my question.

One of the things that I found in local government is that oftentimes the Federal funds that were available were only available or they were very restricted to doing the actual project itself, and there were great restrictions having to do with the preplanning, the design, which oftentimes the time period that it takes to do that, to bring these projects to fruition, to make these changes, and maintenance oftentimes isn't included.

Do you find that to be the case? This might be more a question directed to Mr. Bowman.

Mr. BOWMAN. I'm sorry. Could you repeat that? I was trying to write down your own request on the flexibility.

Ms. RICHARDSON. My question was, do you find that the maintenance funding is so restrictive that it doesn't allow you to pay for all aspects towards the improvements?

What I mean by that is in the capital investment side, there are great restrictions prohibiting you from using funding on the planning side, on the design side, et cetera. So my question is have you found that to be the case on the maintenance side as well?

Mr. BOWMAN. Maintenance side, again, we just try never to use Federal money or somebody else's money for maintenance because it is so inflexible and so insecure and so on. So we just try not to build anything we cannot afford to maintain, and then we try to maintain it the best we can without using any other funds to do that just to keep ourselves safe.

Ms. RICHARDSON. Do you find that on the capital investment side to be a challenge?

Mr. BOWMAN. Obviously, yes.

Ms. RICHARDSON. Okay.

Mr. Chairman, I am going to conclude by just saying that as we move through this process I think that is one area we should consider which is at what point along the phases can local governments and State utilize the funding.

The second thing would be us seriously looking at requiring, with Federal funding, regional planning. What I mean by that, in addition to being on the council I was a member of SCAG which is the Southern California Association of Governments. Given our limited funding, I think one of our pushbacks should be in addition to the gains that we will provide is requiring future projects must have regional benefits, and that way we can cover as much as possible.

Thank you, Mr. Chairman.

Mr. DEFAZIO. I thank the gentlelady. She is a new Member of the Committee but has been very incisive in her observations and questions, and we look forward to working with her, with her experience.

I can think of another way we could approach it. It would be with regional planning, we might give more flexibility and, without regional plans, we might be more prescriptive, something along those lines.

We are also interested in working on this multiple stovepipe issue which was raised earlier and flexibility, but we also have to determine what the proper priorities are for the Fed investment versus the State investment. That is an ongoing dialogue, I think we will want to have with all of you.

I want to thank you for taking your time to be here today, for presenting testimony. I think we can agree on one thing which is we need to invest more. Now we have to figure out in what form and how we are going to raise the money. Anybody who has great ideas for that, let me know.

Thank you very much. This hearing is now adjourned.

[Whereupon, at 12:23 p.m., the Subcommittee was adjourned.]

Subcommittee on Highways and Transit

Hearing on "Maintaining our Nation's Highway and Transit Infrastructure"
Thursday, June 5, 2007

Statement – Congressman Jason Altmire (PA-04)

Thank you, Chairman DeFazio, for calling today's hearing to discuss measures that can be taken to maintain our nation's highways and transit infrastructure in the years to come. This hearing continues our committee's efforts to fully understand the challenges facing our infrastructure in advance of next year's reauthorization of the Safe, Accountable, Flexible, Efficient Transportation Equity Act. I would like to begin by thanking each of our witnesses for joining us today. Their years of experience at the federal, state, and local levels will be of great assistance to us as we prepare for next year.

It is no secret that our nation's infrastructure is in desperate need of sustained investment. The tragic collapse of the Interstate 35W bridge in Minnesota last year highlighted the consequences of insufficient funding for our highways and bridges. More recently the forced closure of a two-mile stretch of Interstate 95 in my home state of Pennsylvania highlighted that without critical investments in our infrastructure, we are significantly increasing the risk of another unnecessary disaster. It is imperative that we realize that limited funding will no longer be sufficient.

Chairman DeFazio, I thank you again for holding this hearing today and look forward to working with you and the committee to ensure that the necessary steps are taken to ensure safe and efficient travel across our nation's roadways.

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Committee on Transportation and Infrastructure
Subcommittee on Highways & Transit

"Maintaining our Nation's Highway and Transit Infrastructure"

June 5, 2008
10:00 a.m.
2167 Rayburn House Office Building

Opening Statement of Congressman Elijah E. Cummings

Mr. Chairman:

I thank you for calling today's hearing to give us the opportunity to examine the future of our nation's highway and transit infrastructure. As our nation's infrastructure continues to age, maintenance investments will only become more critical.

Since the inception of Eisenhower's Interstate Highway System in 1956, our nation has grown accustomed to the unparalleled mobility afforded to it by our system of roadways. Whether by enabling us to commute to work, to

the doctor's office, to family events, or to move 53 million tons of freight around our nation every day, the nation's roads and bridges are crucial to maintaining the American way of life.

Similarly, transit is moving millions of people—and attracting new riders daily as gas prices rise above $4 per gallon. In fact, the American Public Transportation Association reported that Americans took 2.6 billion trips on public transportation in just the first three months of 2008.

However, in order to continue to provide a world-class highway network and public transit network, we must dedicate ourselves not only to expanding the network, but

to adequately maintaining the infrastructure we already have.

Unfortunately, as our nation has fallen behind in basic maintenance and upkeep, we have seen our infrastructure begin to crumble around us.

We now have over 70,000 structurally deficient bridges, including 6,175 on the National Highway System.

47 of the structurally deficient bridges are in the state of Maryland, and at least 6 are located in my District according to the Federal Highway Administration.

No driver should ever have to worry as they cross a bridge in this, the richest nation in the world, that the bridge will

fail to carry them to the other side—but unfortunately, with the collapse of the I-35W Bridge in Minnesota, this is now a real concern.

Similarly, public transit systems throughout the nation are facing funding gaps for both capital expansion and maintenance needs.

Right here in our nation's capital, the Metro is experiencing repeated service delays and declining service quality due to delayed maintenance of the infrastructure on which Metro trains carry over 700,000 people around Washington every day.

Particularly now as we are encouraging people to choose transit, it is extremely important that we make the

necessary investments to ensure that these systems can handle the extra stress placed upon them.

Unfortunately, we have allowed an extensive backlog of unmet maintenance needs to slowly accumulate over the years that now require a multi-billion dollar investment to resolve.

I am confident that Chairman Oberstar and Chairman DeFazio—as well as our Transportation Committee—are committed to making the investments in the next transportation bill needed to bring existing infrastructure back into good repair. I only hope that this commitment is met with equal fervor from a new administration.

I look forward to hearing the testimony of today's panelists and their recommendations to improve the outlook of our highway and transit infrastructure. Thank you and I yield back the remainder of my time.

1 Harry E. Mitchell

Statement of Rep. Harry Mitchell
House Transportation and Infrastructure Committee
Subcommittee on Highways and Transit
6/5/08

--Thank you Mr. Chairman.

--As you know, Arizona is now the fastest growing state in the nation.

--Our rapid growth has created an urgent need for highways, a need that is out-pacing our ability to pay for them.

--According to the Arizona Department of Transportation, over the next 20 years, we will need at least $9 billion for just 12 of our major highway corridors, and these corridors represent just 36% of our state's total highway miles.

--Making matters worse, Arizona is a "donor-state." We send more money to the federal highway trust fund than we receive in the form of highway funding. At last count, we are receiving just 92% of our fuel taxes back in the form of highway funding.

--As we begin to prepare for reauthorization of federal surface transportation programs, I hope we can work toward a formula that better meets the needs of growing states like Arizona.

--I yield back the balance of my time.

STATEMENT OF
THE HONORABLE JAMES L. OBERSTAR
HEARING ON MAINTAINING OUR NATION'S HIGHWAY AND TRANSIT INFRASTRUCTURE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
JUNE 5, 2008

- I want to welcome the witnesses and thank you all for being here today. We look forward to hearing from the various state departments of transportation, transit agencies and regional authorities that will testify before us.

- Transportation infrastructure provides the backbone of our economy by moving people and goods. Maintaining our nation's highway and transit systems is critical to ensuring that these assets remain safe and reliable in the future.

- The collapse of the I-35W bridge in Minneapolis on August 1st served as a reminder of the critical importance of our infrastructure. Though this tragedy directly impacted the residents of my home state of Minnesota, aging infrastructure is a problem not confined to one state.

- This collapse demonstrates the need to make a commitment to invest in the maintenance and major reconstruction our nation's infrastructure. Many of the

nation's surface transportation facilities are being stretched to the limit of their design life and beyond.

- Many aspects of the nation's highway infrastructure were constructed in the 1960's and 1970's, and are reaching the end of their useful design life and will require significant rehabilitation and reconstruction.

- As pavement structures reach 40 to 50 years of life, rehabilitation and resurfacing will no longer be sufficient and major portions of the nation's roadway network will require complete pavement and foundation reconstruction.

- In addition to their age, many segments of the roadway network handle much greater volume of traffic than originally projected--including a 52.4 percent increase in freight ton-miles by truck between 1990 and 2005.

- Of the 594,101 bridges in the National Bridge Inventory, 26.2 percent of America's bridges--more than one in four--are structurally deficient or functionally obsolete.

- Our extensive transit network also requires significant maintenance and repair, particularly if transit is to remain a viable and an attractive transportation option.

- Transit systems around the U.S. provided 10.3 billion trips in 2007, handling the highest ridership level in 50 years. In just the first three months of 2008, Americans took 2.6 billion trips on public transportation. This is almost 85 million more trips than in the same time period last year.

- Maintaining our transit assets in light of the growing number of riders is no small task for our transit agencies.

- There are over 11,000 miles of transit system fixed guideway track, 3,000 transit rail stations, and more than 171,000 transit vehicles in service today.

- Unfortunately, nearly one-third of urban bus maintenance facilities are in an unacceptable condition, while over fifty percent of urban rail passenger stations are rated as substandard by the U.S. Department of Transportation.

- We must ensure that our older rail and bus systems, as well as our newer systems, are being maintained and upgraded on a regular basis.

- As we consider the infrastructure needs of our country in preparation for the next surface transportation authorization, we must provide the resources and support to ensure that our highway, bridge and public transit systems are brought to, and kept in, a state-of-good repair.

OPENING STATEMENT OF
THE HONORABLE ELLEN TAUSCHER (CA-10)
TRANSPORTATION AND INFRASTRUCTURE COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

Hearing on
Maintaining Our Nation's Highway and Transit Infrastructure

Thursday, June 5, 2008
2167 Rayburn House Office Building

Thank you for recognizing me.

I applaud Chairman DeFazio for calling this important hearing because the maintenance of our highway and transit infrastructure is of great importance to the overall system. In its report, the National Surface Transportation Commission recommended a new maintenance program at DOT. In addition to expanding transportation options, it is imperative that we bring our current infrastructure back to a state of good repair. It is nearly impossible to travel today without witnessing evidence of the poor condition of our infrastructure: including potholed highways, crumbling bridges, and deteriorating transit systems.

With seven million residents and severe congestion, the San Francisco Bay Area keenly understands the state of our highway and transit systems. Over the next twenty-five years, BART's capital needs face an estimated shortfall of ten billion dollars. Nearly the entire fleet of rail cars will be eligible for replacement within ten years, presenting a major financial crunch for the transit agency.

Eighty percent of BART's customers have an alternative way of getting to work – usually by returning to their cars and creating more congestion on our roadways. As gas prices and ridership continue to rise, we cannot allow the performance of transit systems to further deteriorate and cause a backlash from riders.

As part of a renewed approach at easing congestion in metropolitan areas, we *must* have high-performing transit systems. In addition to expansion, we must understand the capital needs of our existing infrastructure and raise the current level of investment.

I yield back the balance of my time.

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House Committee on Transportation and Infrastructure
Subcommittee on Highways and Transit Hearing
"Maintaining our Nation's Highway and Transit Infrastructure"
June 5, 2008, 10 AM, 2167 Rayburn House Office Building

Testimony by Michael Allegra, Assistant General Manager, Utah Transit Authority
669 West 200 South ~ Salt Lake City, UT 84101 ~ phone 801-237-1900

"If there's one thing I would wish for in a stimulus package, it would be a healthy and robust infusion of investment into rebuilding the infrastructure of America. The long term benefits of investing in our infrastructure far outweigh the costs."
Speaker Nancy Pelosi (D-CA) - U.S. House of Representatives
June 1, 2008 ~ APTA Rail Conference ~ San Francisco, CA

Transit in Utah

One of the most conservative, urbanized states in the country, Utah is home to more than 2.6 million residents and is the third fastest growing state in the nation. More than 80 percent of the state's residents live within Utah's primary urbanized area, called the Wasatch Front. The Wasatch Front, with Salt Lake City located in the center, is geographically constrained by the Wasatch Mountains to the east and the Great Salt Lake to the west. This geography has produced a natural transportation corridor that spans 120 miles from north to south and ranges from 2 to 15 miles wide, east to west.

Utah is enjoying a transit renaissance. From 1970 until 1998, Utah Transit Authority (UTA) was a small, single mode bus agency. In just the past ten years, UTA has built three light rail projects, a commuter rail line, and successfully supported the 2002 Olympic Games by carrying more than 4 million riders in 17 days. The 2002 Olympic Winter Games were widely hailed as one of the most successful Olympic transportation programs.

Today, the Utah Transit Authority provides multi-modal public transportation services over a 1,400 square mile area across six counties. Our services include over 100 bus routes, a regional vanpool system, a 20 mile light rail system, and a newly opened 40 mile FrontRunner commuter rail line from Ogden to downtown Salt Lake. Rapid growth in our system has come about by a combination of local and federal funds. UTA has approximately tripled its local revenues in the past 7 years through two locally approved referenda and has experienced an excellent partnership with the Federal Transit Administration (FTA).

Strong Local and Federal Support

UTA has an experienced management group which has successfully built four New Starts rail projects ahead of schedule and under budget. Ridership on these lines has

significantly exceeded projections and continues to increase; and since 1998, ridership on UTA's total system has increased more than 60 percent. This track record has engendered a level of trust and confidence in the community and a desire to further expand and enhance transit services.

Through this rapid expansion, UTA has closely partnered with and engaged elected officials and stakeholders, demonstrating a philosophy of performance and accountability. As a result, the agency enjoys great support from all levels of government at the local, state and federal level.

UTA attributes the success of its rapid transit expansion to a number of factors and lessons learned:

- Unified stakeholder relationships – UTA has excellent relationships with its metropolitan planning organizations, the Utah Department of Transportation, the business community, labor unions and the disabled community. This unified coalition has propelled Utah to having one of the greatest transportation investment programs in the nation.
- Innovative oversight by the Board of Trustees – UTA's visionary and mission-driven governance model allows the agency to be innovative in planning, procurement and project management.
- Delivering cost effective projects under fiscal constraint – UTA's four major capital rail projects have consistently been built as some of the lowest cost per mile in the country.
- Early acquisition of Rights of Way (ROW) and transportation corridors – In 2002, UTA purchased over a 175 miles of ROW from Union Pacific Railroad. This historic agreement has allowed for the rapid expansion of UTA's rail program and has preserved valuable land corridors for future transit projects. Inter-Local Agreements (ILA) before construction to prevent cost overruns or unexpected impacts during construction. UTA has signed a master ILA with 43 cities, allowing for the rapid deployment of our rail program.
- Co-locating contractors, consultants and the transit agency – This technique has provided extreme efficiency and a unified sense of ownership in the project.
- Using the right construction delivery method to fit the job – UTA has used traditional design-bid-build, design-build, construction manager/general contractor project delivery and anticipates using a 'construction alliance' approach for future jobs.

In just the past ten years, UTA has successfully achieved 4 Full Funding Grant Agreements: North/South TRAX (80 percent federal funding); University TRAX Line (70 percent federal funding); Medical Center TRAX extension (60 percent federal funding); FrontRunner North commuter rail (35 percent federal funding). Our goal is to bring a major transit stop within a mile of nearly 90 percent of residents along the Wasatch Front.

Rail System Objectives

UTA offers the following ideas and recommendations with respect to expansion and funding of the nation's rail program.

Transportation Policy and Funding

Local leaders in Utah understand the need for increased investment in the state's transportation infrastructure for improved mobility and economic development. This increase in mobility will allow Utah's economy continued growth and sustainability. Local leaders support the need for increased transit services, envisioning a European model for land use and development around transit that will maintain and improve their communities' excellent quality of life in a way that is environmentally sustainable.

In order to sustain our growth and a healthy economy, we must invest in transportation infrastructure. Congress should consider a new National Transportation Policy, as most of the nation's growth is occurring in urban areas and large regions, sometimes called megalopolis. As the Interstate Highway System was designed to connect the nation's cities, a new National Transportation Policy should be developed to maintain the health, vitality, and international competitiveness of this country. Congress should create incentives to increase state and local investment levels in public transportation. Public transportation provides mobility that significantly contributes to national goals and policies in support of global economic competitiveness, energy independence, environmental sustainability, congestion mitigation and emergency preparedness.

Congress should authorize a significant increase in the federal transit program, with a total investment of no less than $123 billion over the six year authorization period. This will support a goal of meeting at least 50 percent of the estimated $60 billion in annual capital needs by the end of the authorization period, and support a projected doubling of ridership over the next 20 years.

The federal transit program should retain an 80 percent federal match ratio for all capital transit projects, including the New Starts program. At a minimum, transit program ratios should be consistent with the highway program. This is especially crucial for small and mid-sized transit agencies and true 'new starts' project sponsors who have an increasingly difficult time meeting the increasing federal burden. Currently the FTA is requiring a 40-50 percent local match in order to be recommended for New Starts funding. Overmatch by a project sponsor should count as an evaluation factor but not be used as a threshold to exclude a funding recommendation.

Examine the longer-term viability of innovative financing techniques, including: public-private partnerships, federal loan guarantees, tax exempt/tax credit bonds, tolling and congestion pricing, value capture increment financing, and other mechanisms that consider changes in energy use and reduce state and regional carbon footprints.

Simplify the Project Development Process

The development of UTA's light rail projects has required a great deal of time and effort navigating through the federal process, including alternatives and environmental analysis, engineering and design, a full funding grant agreement and beginning of construction. According to research by the New Starts Working Group, the average new starts project now takes nearly 10 years to achieve a Full Funding Grant Agreement.

In an effort to reduce the time it takes to complete the Federal process, UTA recently completed a Memorandum of Understanding (MOU) with the Federal Transit Administration to simultaneously build five projects, with an overall Federal match for all five corridors at 20 percent. More specifically, over the next 7 years UTA will advance 3 rail lines with 100 percent local funding and 2 lines through the Federal New Starts program with an 80 percent Federal match. These projects will be built using design-build or construction manager/general contractor project delivery approaches. Utah's locally funded rail projects will be completed much quicker for a savings of several years and millions of dollars as compared to the Federalized projects.

Congress should simplify and streamline the current federal grant approval process to speed project delivery and reduce costs. Project sponsors that have secured sufficient local and state monies, that seek to build multiple projects at the same time, and don't intend to rely on New Starts monies for each project corridor should be encouraged to implement a "program of projects" approach. Localities that have built projects without New Starts funds should have those funds credited as "local match" towards a project that is funded through the New Starts program without having to seek special legislation. FTA's role would shift to that of portfolio manager where it has executed a MOU or Project Development Agreement (PDA) with a project sponsor.

Based on UTA's experience, as your committee considers ways to improve, simplify and shorten the federal development process, we offer the following suggestions.

- Allow for the execution of a Project Development Agreement including specific time frames for project sponsor production of documents and FTA review and approval of project development components.

- Require FTA to develop acceptable simplified methods of travel forecasting, particularly for the Small Starts category.

- Permit the Transportation System User Benefit (TSUB) to be equally rated with local objectives relating to air pollution, climate change, land use, and the other local goals to be used to advance and better evaluate projects.

- Allow local and private contributions to be considered in the New Starts rating process to stimulate local government and private financial contributions.

- Provide that for all federal new start projects, sponsors may credit the cost of simultaneous projects built with non-new start funds.

Streamline Project Delivery

UTA has recently committed to complete a FrontLines 2015 program that will provide 70 more miles of rail in the next 7 seven years, including innovative contracting methods that reduce risk to the Federal government.

FTA oversight should be adjusted to the contracting approach undertaken by the project sponsor, e.g., a design-build contract that has been executed with fixed prices for project costs, or where the project sponsor agrees to execute a PDA. As well, FTA oversight must be balanced with the complexity of the project and the experience of the project sponsor: an experienced project sponsor should not be subject to the same frequency of reviews as a first time project sponsor or one with limited history of building complex infrastructure projects.

Based on our experience, as your committee considers ways to improve and shorten the project delivery, we offer the following suggestions.

- Incentivize project sponsors who finish projects under budget and ahead of schedule.
- Encourage the use of alternative construction delivery programs such as: design-build, construction manager/general contractor project delivery and alliancing.
- Eliminate FTA final design approval when design-build or variations of this innovative process are used.
- Make Letters of No Prejudice automatic when a Record of Decision is secured.
- Vary the level of risk assessment required based on the project delivery approach.
- Permit grantees more self-certification of routine program requirements.

Increase Current Capacity

After opening its initial rail lines, UTA has urgently experienced the need to expand the system and increase capacity. This demand has been greatly enhanced by current fuel prices, increased congestion, air quality concerns, and heightened environmental awareness. A mechanism needs to be made available to assist with this crucial and growing demand for high quality transit. The current formula program (Section 5307) is unable to handle this core capacity market. As an example, UTA recently purchased used rail vehicles to augment our fleet to respond to the demand for additional service. This allowed UTA to quickly expand capacity in response to rider demand, while saving taxpayers tens of millions of dollars. Although these vehicles were 15 years old and required a mid-life overhaul, they were ineligible for funding from FTA's Capital Investment program.

Maintain Current Infrastructure

The fixed guideway modernization program, as it is currently constituted, is heavily skewed towards the "Tier 1" systems, or older rail cities. UTA recognizes that these systems, which were built anywhere from 50-100 years ago, have significant maintenance needs. At the same time, the reality is that the transit world has changed dramatically since the rail mod program was first established many years ago. More and more rail systems have been built over the past decade or two, including ours, and rail is no longer confined to the "traditional" rail cities in the East and Midwest. All of these newer systems are beginning to face significant maintenance challenges as well. As such, we believe there is a case to be made that the rail mod program needs to be updated to reflect this new reality.

Technology

In order to remain competitive and to respond to market growth, technology must play an expanded role in transit design and operations. Available and emerging technologies play a critical role in providing greater operational efficiency, responding to adjusting and growing ridership, and supporting safety and security programs. Information Transportation Systems such as electronic fare collection, passenger information, safety and security, pricing and marketing strategies, and management information are fundamental components to providing efficient and flexible transit service. Opportunities to fund these transit-inherent technologies should be identified.

Testimony to the
Highways and Transit Subcommittee
U.S. House Transportation and Infrastructure Committee
June 5, 2008

Allen D. Biehler, P.E.
Secretary
Pennsylvania Department of Transportation
400 North Street
Harrisburg, PA 17120
(717) 787-5574

Mr. Chairman and members of the Highways and Transit subcommittee, thank you for this opportunity to tell you where Pennsylvania stands regarding its strategies for addressing transportation maintenance and preservation needs.

Pennsylvania has a proud history of transportation innovation: over the past 200-plus years, a succession of roads cut through the wilderness, and later such improvements as canals, railroads and the nation's first superhighway cleared the way for the unparalleled mobility that Americans take for granted.

Increasingly, though, managing the transportation network to keep America moving means weighing difficult choices among satisfying enormous expectations, coping with the sobering reality of the size and age of the network, and dealing with very limited resources.

In Pennsylvania, we have the nation's fifth largest state-maintained highway system, 39,843 miles, and the third largest state-maintained bridge network, 25,327. With the average age of a state-maintained bridge being 50 years, Pennsylvania leads the nation in the highest number of structurally deficient bridges, 6,023. Nearly 24 percent of our state bridges greater than 20 feet are structurally deficient. That compares to a national average of 12 percent.

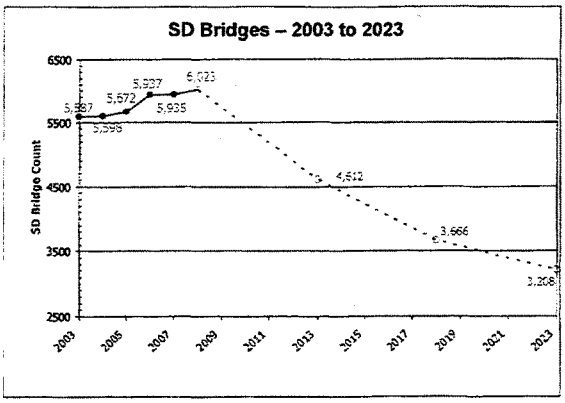
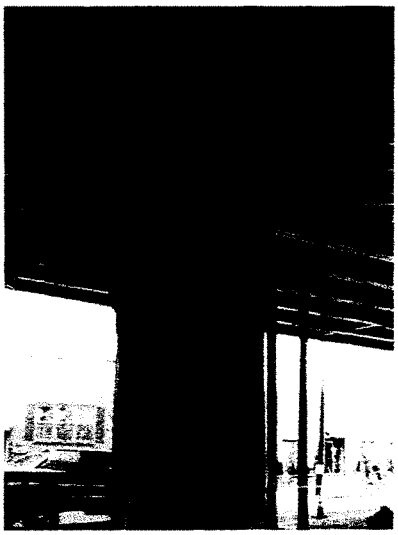


Exhibit 1

Exhibit 1 shows the number of structurally deficient bridges statewide, beginning in 2003. It shows a projected decrease in structurally deficient bridges between 2008 and 2023. This assumes the PA Legislature adopts Governor Edward G. Rendell's Rebuild Pennsylvania initiative and construction costs stop spiraling.

The effects of this bridge maintenance backlog have the potential to play havoc with Pennsylvania's mobility. Posting and closing bridges creates economic and personal hardships for the citizens of Pennsylvania.



Cracked Pier I-95, Philadelphia

In March, Interstate 95 in Philadelphia was closed for just over two days after cracks expanded in a support pillar of the viaduct that carries the roadway through the city (see photo at left.) For those two days, 184,000 vehicles a day were forced on to side streets and the national media carried pictures of the multilane interstate completely devoid of vehicles while nearby streets were jammed.

In February, the 2700 foot long Birmingham Bridge which crosses the Monongahela River in Pittsburgh had to be closed for just over three weeks after two spans moved because of problems with the bridge's rocker bearings. During the closure, 11,000 vehicles a day had to find alternate routes.

In April, a rural bridge in north central Pennsylvania, the Route 53 Irvona Bridge, was closed for a week after a routine inspection showed the steel beams needed immediate repairs.

PennDOT worked very hard to get one lane reopened quickly. During the closure, people who commuted over the bridge had to endure a posted 25-mile detour. Besides the inconvenience and lost time such a detour entailed, in these days of through-the-roof fuel prices, adding 25 miles to motorists' daily routine imposed a tough economic hardship as well, especially for commercial vehicles. We can't continue to operate in emergency mode because the higher costs associated with emergency projects reduces money available for other bridge projects.

Since 2004, PennDOT has been looking hard at its investments in new highway capacity. In 2004, PennDOT removed $2 billion worth of projects from its long-range plan and deferred another $3 billion in projects that would be reevaluated. These difficult

decisions continue as PennDOT struggles to find the resources to keep the system in a steady state of good repair. Moreover, because of limited resources, we are moving from a focus on pavement improvement to pavement preservation, to hold on to past gains.

Pennsylvania has been fortunate that since the early 1980s it has had a portion of its fuel tax based on a percentage tax on the wholesale price of fuel. The tax, called the Oil Company Franchise Tax, had a wholesale price floor of 90 cents a gallon and a ceiling of $1.25 a gallon. When fuel prices started rising dramatically in 2005, the tax generated additional dollars for highways and bridges. Between 2003 and 2006, the increase was equivalent to just over 5 cents a gallon more in tax. But that flexibility did not mean a windfall; rather it briefly allowed PennDOT to keep pace with inflation. But that tax hit the mandated ceiling in 2006 while we are seeing 12.5 percent annual inflation in construction contract costs with continued increases likely.

Pennsylvania Governor Edward G. Rendell is a champion for addressing infrastructure needs. In 2005, he named me to head a nine-member bipartisan Transportation Funding and Reform Commission to explore the state's infrastructure needs. In our November 2006 report, we laid out the details: an annual $1.7 billion shortfall for highway, bridge and transit needs. And these were modest, not pie-in-the-sky, extensive capacity expansion needs. The Commission recommended a package of tax and fee increases, including a 12.5-cent a gallon increase in the Oil Company Franchise Tax.

The Commission also agreed to investment principles that became the foundation of its recommendations. They included:

1. Transportation must be integrated with land use, economic development and environmental policies, programs and goals.
2. The highest priority is to provide for the mobility of all Pennsylvanians, including traditional groups who are transit dependent such as senior citizens and persons with disabilities. Optimizing the core transportation network and infrastructure is key to improving mobility.
3. Stringent criteria must be used to evaluate proposed increases in capacity of the transportation network.
4. Funding sources must be reliable, dedicated, inflation sensitive, and adaptive to changing environmental factors.
5. Funding level, structure, and distribution must be responsive to performance, reforms, and needs.

Responding to the Commission, Governor Rendell proposed a tax on the gross profits of oil corporations and a lease of the Pennsylvania Turnpike as part of his 2007/08 budget proposal. The lease was expected to generate a large lump sum payment that the state would invest and use the earnings as a new revenue source for transportation needs. Last month, the Governor announced the submission of a top bid of $12.8 billion. He projected it would generate on average $1.1 billion a year for the next ten years and then grow at 2.5% per year. He has asked the Legislature to approve the lease.

Last year, the Legislature responded to the Transportation Funding and Reform Commission report with what became known as Act 44. The legislation, which the Governor signed in July 2007, required the Pennsylvania Turnpike Commission and PennDOT to enter an agreement to seek federal authorization to convert the 311-mile cross-state Interstate 80 into a toll road and to increase tolls on the state's other main cross-state route, the Pennsylvania Turnpike. Act 44 is projected to generate $946 million, on average, for highways, bridges and public transportation each year over the next ten years then grow at 2.5% for each of the next forty years.

With that background outlined, let me now review what we are doing to manage and preserve our system. With the large number of structurally deficient bridges, Pennsylvania must focus on restoring these critical links. The Governor in February called on the Legislature to approve a bond-financed accelerated bridge program, Rebuild Pennsylvania. The program calls for investing $200 million more a year for each of the next 10 years in bridges. With the new funding, PennDOT committed to exceeding the Governor's target of repairs to 1,000 structurally deficient bridges over the next three years, the time remaining in the Governor's term of office. Last month, we outlined a list of 1,145 bridges we will do over the next three years. (See exhibit 3)

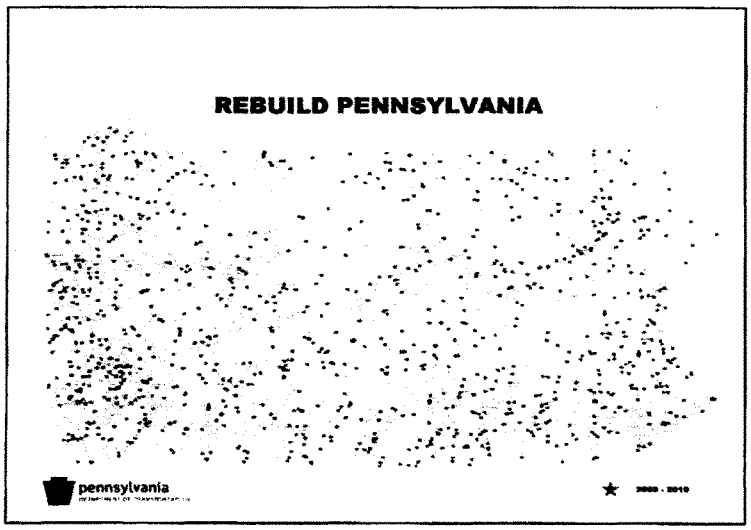


Exhibit 3

Since taking office in 2003, Governor Rendell has nearly tripled investment in bridge repairs. From $259 million in bridge construction contracts in 2002, Governor Rendell upped that investment to just over $700 million in 2007. Since 2003, Pennsylvania spent $3.8 billion repairing 1,381 bridges (see exhibit 4). Despite this investment and because

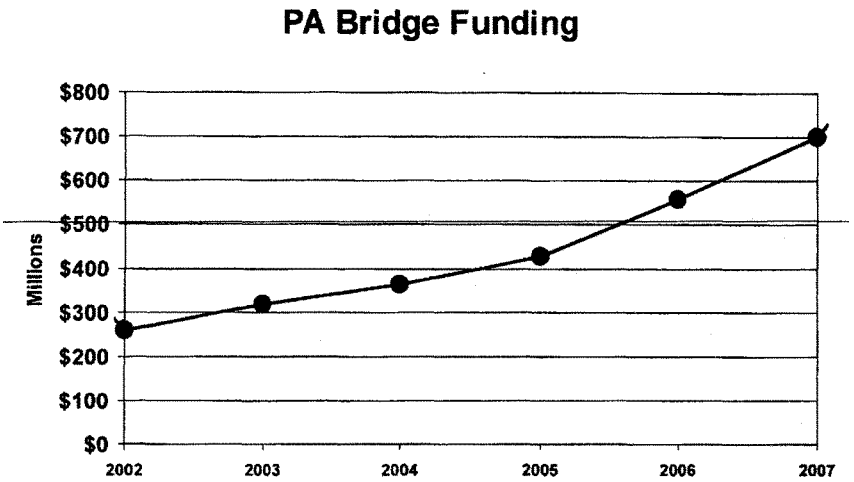


Exhibit 4

of the system's age, the number of structurally deficient bridges has grown, from 5,587 to 6,023.

In addition to our repair program, we are continuing with our strong commitment of preserving bridges to extend their service life, spending over $100 million in each of the last two years.

PennDOT also adopted a new risk assessment program to ensure repairs are targeted to bridges with the most need. With the new program, PennDOT weighs such factors as type of bridge, size and physical condition of the bridge, importance to the highway system, effect on road user costs and implications to commerce in deciding on which bridges to prioritize for repairs. We are also emphasizing 100 year design life for bridge replacements.

While we are focused on fixing our bridges, Pennsylvania must still pay attention to pavement quality. Over the last three decades, Pennsylvania has made steady improvement in the ride quality. The median pavement measure, known as the International Roughness Index (IRI), was 73 for interstates in 2007, just three points below the threshold for excellent condition (the lower the number, the better the pavement). With regards to roadways, our goals include:

- Applying the right treatment to the right road at the right time.
- Adopting uniform pavement maintenance goals and approaches.
- Using data and performance measures.
- Monitoring maintenance cycles.

PennDOT remains focused on system preservation rather than capacity expansion. This includes developing routine cycle maintenance. In the past, though, PennDOT always has lacked the resources to ensure the required maintenance is applied to keep the system stable, and this challenge continues.

Public Transportation

Public transportation also plays a critical role in Pennsylvania's transportation network. The Commonwealth provides roughly $1 billion a year to transit. Public transportation service exists in every county in the Commonwealth. The system includes 42 fixed route systems and 35 public paratransit systems. Some counties have communities that are served by fixed route bus systems while others have public paratransit service. Pennsylvania has the 6th largest public transit system in the country in the Southeastern Pennsylvania Transportation Authority (SEPTA), the 21st largest in Port Authority of Allegheny County (PAAC), 22 Small Urban Systems and 18 Rural Systems. We have seen a surge in ridership in the past two years and expect that increase to continue. (See exhibit 5)

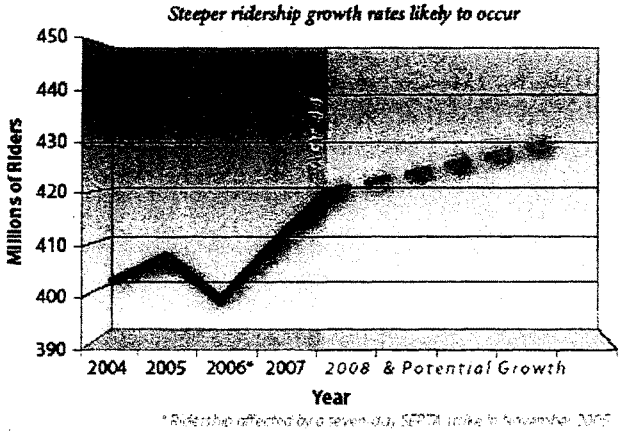


Exhibit 5

Pennsylvania also subsidizes 16 intercity bus routes and the state also contracts with AMTRAK to provide service on the Keystone Corridor between Harrisburg and Philadelphia.

In the case of public transportation, the Transportation Funding and Reform Commission found that there was an additional investment need of $760 million per year of which $260 million was needed for operating funding and the remaining $500 million for capital investment.

Act 44 did provide a new, stable source of funding for transit and rewrote what had been a piecemeal transit funding scheme. Among the changes were the introduction of funding based on need and performance and creation of a statewide transit capital improvement program. But it fell short in terms of the dollars needed to fund transit capital – providing on average only $150 Million of the $500 million needed. The needs are dire. For example,

- SEPTA projected $271 million of unmet capital needs including $69 million for garage facilities and stations, $78 million for fleet and equipment, $20 million for capital-related technology enhancements and $104 million for other general infrastructure improvements. Rail bridges are in critical need of repair with 78 of 350 regional rail bridges more than 100 years old. Twenty-one of them were built in the 1880's. Regional rail cars are also in dire need of repair, with 241 of them still operating with over 34 years of service.

- PAAC has projected $71 million of annual unmet capital needs including $5 million for garage facilities and stations, $17 million for fleet and equipment, $3 million for capital-related technology enhancements and $22 million for other general infrastructure improvements. Approximately 20% of PAAC's bus fleet (1,010 vehicles) exceed the estimated useful life.

- For all other urban systems and all rural systems combined, 48% of large buses have exceeded their useful life. And 53% of small buses are eligible for replacement.

In a time when gasoline prices are rising through the roof (from January 2003 to May 2008, diesel fuel costs have increased over 200%), Pennsylvania is experiencing record ridership growth in the existing systems, and an incredible demand for additional service Much of the increase from Act 44 for smaller transit systems has been eaten up by rising fuel costs and planned service increases have been delayed or eliminated. We are struggling to have enough money to hold together what we have, let alone be able to think about the level of investment that would be needed to provide people with a robust cost-affordable, frequent and reliable transit system across the commonwealth that could reduce the need for the automobile, decrease energy usage and improve our track on global warming.

Future Issues

As we look to the future, we must look with brutal honesty at the stark transportation funding picture. We are dealing with unprecedented construction cost inflation. The 12.5% annual construction costs increase over the past five years shows no sign of stopping. We have seen an increase of 49.7% in structural steel prices and 27.5% increase in hot mix asphalt prices for the first quarter of 2007.

In February 2008, Governor Rendell along with California Governor Arnold Schwarzenegger and New York City Mayor Michael Bloomberg, formed a national coalition to address infrastructure needs. They said that a new vision for infrastructure must include the following:

- Infrastructure Investment
- Economic Competitiveness
- Sustainable Environment

The principles that guided the Transportation Funding and Reform Commission back in 2006 offered a similar philosophy.

In January, the National Surface Transportation Policy and Revenue Study Commission, which Congress created, also called for major reforms. The Commission recommended that the next reauthorization bill include replacing the 108 surface transportation programs with 10:

- ***Rebuilding America*** – state of good repair
- ***Global Competitiveness*** – gateways and goods movement
- ***Metropolitan Mobility*** – regions greater than 1 million population
- ***Connecting America*** – connections to smaller cities and towns
- ***Intercity Passenger Rail*** – new regional networks in high growth corridors.
- ***Highway safety*** – incentives to save lives
- ***Environmental Stewardship*** – both human and natural environments.
- ***Energy Security*** – alternative fuels
- ***Federal lands*** – public access on federal property
- ***Research and development*** – coherent national research program.

As PennDOT looks to its future, I believe we have no choice but to look for a different model for transportation investments. PennDOT is working to embrace "smart transportation" principles. Smart transportation is an approach that includes tailoring transportation solutions to the context in which the improvement is to be built, linking land use and transportation decisions, working with the community, planning for alternate modes of transportation and scaling the solution to fit within available resources.

With the expiration of SAFETEA-LU in September 2009, the federal government must soon address comprehensive transportation reauthorization. On behalf of the American Association of State Highway and Transportation Officials, I would like to offer some of the components for reauthorization that AASHTO supports.

AASHTO urges Congress to consider at least the following important components for the next reauthorization:

- ***The Repair Bill is Substantial and is Past Due.*** -- Over the last 60 years we have made a substantial investment in our highway, bridge and transit infrastructure. These facilities are aging, and much of the system needs to be repaired, rebuilt or replaced.

  For example, the 47,000 mile Interstate Highway System, which represents about 1 percent of total US road miles, has almost 15,000 interchanges, many of which are wearing out or do not meet current operational standards. The foundations of many of the 210,000 Interstate lane-miles may have to be rebuilt; many of the 55,000 bridges on the Interstate are in need of reconstruction or replacement; and of the 540,000 bridges elsewhere in the system, many are in need of repair.

- ***Governments at all Levels Must Fund their share of the Repair Bill*** – To even come close to meeting preservation needs, the federal-state-local funding partnership must be continued. We need to maintain the historical federal share – 45% -- of capital investment in the highway/bridge and transit portions of the national surface transportation system. Just to restore purchasing power of the program, federal highway funding would have to be increase from $43 billion in 2009 to $75 billion by 2015. State and local spending would have to increase from about $53 billion in 2009 to $89 billion in 2015. The federal transit program would have to be increased from $10 billion in 2010 to $17 billion in 2015.

- ***States need flexibility in the use of federal-aid to be able to take advantage of asset management approaches that can significantly extend the life of the highways and bridges.*** – A goal of asset management is to systematically repair and maintain pavements, structures, facilities and equipment so they do not deteriorate to the point where they have to be replaced. Expand eligible uses of Federal funds to include any physical maintenance that (1) extends the service-life of a facility and (2) is part of a State's asset management plan or approach to asset management. Expand federal-aid eligibility to include preventive maintenance.

- ***In the next authorization bill, Congress should authorize a thorough assessment of the Interstate and National Highway System corridors rehabilitation and reconstruction needs.*** There is significant concern that FHWA's bi-annual conditions and performance reports do not adequately estimate future needs, because the methodology does not address complete reconstruction or replacement of infrastructure that has reached the end of its useful life. The Interstate system has more than 55,000 bridges and tens of thousands of other significant structural elements, many of which are reaching 40 to 50 years of age. Bridges and other structures of this age usually require substantial rehabilitation or reconstruction, and, as we go out another 20 to 30 years, they will require complete replacement.

  Further, it is increasingly recognized that conditions and performance reports do not adequately account for interchange needs. The Interstate system has almost 15,000 interchanges, many of which do not meet current operational and design standards and create significant traffic bottlenecks or safety problems. Some of the most

significant congestion on the system is at major interchanges that were not designed to carry the volumes of traffic that currently use them. Higher projected future traffic volumes will exacerbate these problems. Interchange bottlenecks have significant economic impacts, including delays to both commodity movements and personal travel.

We look forward to Congress and the next President completing this work and helping the states position America for the global competition of the 21st Century.

STATEMENT OF

THE HONORABLE LEO BOWMAN
COMMISSIONER
BENTON COUNTY, WASHINGTON

ON BEHALF OF
THE NATIONAL ASSOCIATION OF COUNTIES

ON
MAINTAINING THE NATION'S HIGHWAY AND TRANSIT INFRASTRUCTURE

BEFORE THE
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
HOUSE COMMITTEE ON TRANSPORTAITON AND INFRASTRUCTURE

JUNE 5, 2008

Good morning Chairman DeFazio, Ranking Member Duncan and Members of the Subcommittee. My name is Leo Bowman and I am a county commissioner in Benton County, Washington. Today I am representing the National Association of Counties, where I serve as Vice Chair of the Transportation Steering Committee. I want to thank you for inviting NACo to this hearing on Maintaining our Nation's Highway and Transit Infrastructure. NACo represents the nation's 3066 counties that own and maintain 1.8 million miles of mostly rural highways, 45 percent of the total highway mileage in the United States, and 256,000 bridges, 44 percent of all the nation's bridges. We also own or participate in the governing authority of about one-third of the transit systems.

To say that counties have an interest in maintaining our surface transportation system is an understatement. NACo members have made a huge investment in this system and much of what county and other local governments do is maintain the existing system For that reason, we agree with the first recommendation of the National Surface Transportation Policy and Revenue Study Commission that the national interest is best served when transportation facilities are well maintained. This is certainly true as it applies to the three county region where I serve as the Vice Chair of the Benton-Franklin-Walla Walla Regional Transportation Planning Organization. Our region occupies 4,216 square miles in lower southeaster Washington State. The Columbia, Snake, and Yakima rivers flow through the region and we have the Department of Energy's Hanford Reservation in Benton County.

We have 3700 miles of county roads, of which 650 miles are federal-aid eligible roads, and 330 bridges. Our economy depends on these roads and bridges being well maintained. Our region produces over $1 billion in agricultural products per year. For these products to get to market cheaply and efficiently, we must invest in our three county mostly rural road and bridge system. Maintaining the system means that upgrading roads and bridges to standards that enable these facilities to handle today's heavier and wider vehicles. Seasonal emergency weight restrictions and closings are a serious problem for our agricultural economy. Our goals are to prevent premature failure and replacement. For roads, maintenance requires resurfacing existing pavement

and necessary upgrades. Bridge maintenance includes scour control, corrosion protection and joint sealing.

The other reason maintenance is so important is because of safety. We know that nationally 25,000 people die each year on rural roads, which translates into a fatality rate that is 2.5 times greater than on urban roads. In our region, broken or damaged roadway components get top priority. Nothing is more important than safety to our county governments and to our elected officials. We hope that undertaking this type of maintenance activity will ensure that our citizens can travel in relative safety on our county system.

Let's talk about financing our roads and bridges. For our three county region's county owned road and bridge network, the Regional Transportation Planning Organization forecasts over the next 20 years we will collect $561 million in revenue of which we will spend $356 million on maintenance, which reflect our historic 63-37 per cent split between maintenance and operations and new capacity . Included in this forecast is an every two year evaluation of the collector and arterial roads owned by the three counties. We also have 546 miles of roads which, if we are to maintain them properly and maximize their functionality, are in need of upgrading to current all weather and safety standards. We estimate the cost of undertaking these improvements to be $500,000 to $1 million per mile. While this does sound like a lot of money, our engineering staff has told us that by upgrading these roads we will reduce normal maintenance costs by 80-90 per cent.

Almost all of the revenue counties have for maintenance is property taxes and other local receipts. This is the central issue for county and other local governments when faced with substantial needs on their transportation systems. Unlike the 50 states which have the revenue generated by both the federal and state fuel taxes as dedicated revenue sources for road and bridge needs, local governments rely primarily on our own source revenue. States do share some fuel tax revenue with locals, but the amounts are uneven. I must be honest in stating that the State of Washington, which has the highest fuel tax

among the states, is generous in sharing its fuel tax revenue with counties. However, nationally there are few if any local fuel taxes, relatively few local sales taxes dedicated to transportation, and most counties need to ask the state governments for permission to levy a new tax. As a local elected official for over 11 years, I can tell you that raising property taxes to maintain highways and bridges is often politically unpopular because it is totally unrelated to the usage of the system and our citizens see little connection between better roads and bridges and increasing taxes. I would direct you to a recent publication entitled, **Financing Transportation in the 21st Century: An Intergovernmental Perspective,** which was recently released by NACo and five other state and local governments organizations that describes this issue in detail.

What would help rural counties to maintain our highway and bridge systems? One answer is more federal resources directed to rural roads and the units of government that are responsible for them. The Highway Safety and Improvement Program needs to be targeted to those roads that are unsafe and local government officials need to be part of the process that develops the state strategic highway safety plan, something that current regulation does not allow. This is important because this process determines those projects eligible for funding. Related to this, the High Risk Rural Road Program needs far more funding than the $90 million annually currently available. As I stated earlier, rural roads account for a disproportionate number of highway fatalities. Bridges on non-federal aid roads need more funding and NACo would support an increase of the off-system set-aside to at least 20 per cent. The Surface Transportation Program rural set aside has not been increased since it was instituted in ISTEA in 1991—it needs to be adjusted. We need an enhanced rural planning process that includes a stronger role for local officials. Finally, the project delivery process needs to be streamlined so that delays are reduced and the cost for rural counties to use federal funds does not discourage participation in the federal highway program.

This completes my statement and I would be happy to answer any questions the members of the subcommittee may have.

Testimony of Pete K. Rahn, Director
Missouri Department of Transportation before the U.S. House of Representatives
Committee on Transportation and Infrastructure
Subcommittee on Highways and Transit
June 5, 2008

Maintaining Our Nation's Highway and Transit Infrastructure

Honorable members of the Committee on Transportation and Infrastructure: Good morning. I'm Pete K. Rahn, director of the Missouri Department of Transportation and president of the American Association of State Highway and Transportation Officials. I am honored to be here this morning to talk to you about the need to increase investment in the nation's transportation infrastructure.

As you know, the condition of our nation's transportation system continues to deteriorate and the consequences are alarming. The collapse of the I-35 bridge in Minneapolis Minnesota on Aug. 1, 2007 is a grim reminder of what can happen to the vital system we rely on every day to get us around, provide the goods we consume and enhance our quality of life.

We have grossly under funded both our state and federal transportation systems over the last three decades. If we continue this downward spiral, we risk losing our status as a global leader, as well as precious lives.

To put it simply, we must pony up now to remain globally competitive or we will end up with a second-rate transportation system and a much less mobile society than we have today. China has seen the light and can be looked to as a model for investing in transportation. That country, adjusted for purchase power parity, invested $363 billion on highways alone in the last year. Compare that to the U.S., which at all levels spends annually $87 billion on highways and transit capital a year. India, according to a recent USA Today article, has tripled their infrastructure spending to $500 billion a year.

In addition, according to a report from the Urban Land Institute, China is building a 53,000-mile National Expressway System that will rival the U.S. Interstate Highway System when it is completed in 2020. By 2010, 35 percent of the world's shipping is expected to originate from China. India is building a 10,000-mile national highway system, and the countries in the European Union are spending hundreds of billions of euros to upgrade their existing network of highways, bridges, tunnels, ports and rail lines.

The American Society of Civil Engineers recently gave the nation's overall transportation network a D and cited the need to invest $1.6 trillion in upgrades over the next 20 years. The U.S. Chamber of Commerce's *Future Highway and Public Transportation Finance Study* suggests the U.S. needs to invest an additional $50 billion a year in our highway and public transportation systems just to maintain their current performance and more than $100 billion annually to improve the performance of the highway and transit systems.

Compounding the problem is the "tsunami" of freight traffic that is building in our country. Today's interstates carry an average of 10,500 trucks per day per mile. By 2035, this figure will increase to 22,700 trucks per day per mile. Today only 30 miles on the interstate system carry more than 50,000 trucks per day per mile. By 2035, that number may reach 2,500 miles.

We have taken transportation for granted in our country, and it's showing. We've demanded a lot from our roads and bridges over the years, and they're proving to us they can no longer stand the strain. The 47,000-mile interstate highway system, which represents about one percent of total U.S. road miles, is a prime example. The system has almost 15,000 interchanges, many of which are wearing out or do not meet current operational standards. Foundations and bridges need to be repaired, reconstructed or replaced.

In Missouri, for example, there are stretches of Interstate 70 that are more than 50 years old, but were designed for a 20-year lifespan. Like most states, Missouri's transportation needs far exceed its resources. To narrow this gap, we have initiated innovative ways to shore up our ailing infrastructure. With additional funding from a state constitutional amendment that directed highway user fees to MoDOT, we implemented a three-pronged highway improvement package. The program enabled us to improve 2,200 miles of our state's busiest highways in just two years, accelerate 53 critical highway projects and move ahead with $1.6 billion in new construction.

As a result, we have improved from having the third worst pavement on major roads in the nation, but our gains are at risk. In the past five years, road conditions have improved from 44 percent in good condition to 78 percent in good condition. We now are working to make the remainder of our state's major highways smooth and safe and are turning our sights to our next priority: improving our bridge inventory.

With 10,240 bridges, Missouri has the seventh most of any state in the union. Of those bridges, 1,880 can only carry limited loads, 1,613 are structurally deficient and 1,223 are functionally obsolete.

More than 800 of Missouri's worst bridges will be repaired or replaced within five years under the Safe & Sound Bridge Improvement Plan. We have packaged this project in an innovative design-build-finance-maintain contract that involves private activity bonds to encourage innovative financing and construction. Such an approach will allow us to fix a large number of bridges in a short amount of time.

MoDOT has selected the Missouri Bridge Partners contract team to handle the project. Under the proposal, the team will finance the project's capital cost, estimated between $600 million and $800 million. Missouri Bridge Partners will also be responsible for design and construction of these bridges and structural maintenance for at least an additional 25 years. MoDOT will pay for the program over 25 years with federal bridge funds.

Alternative design standards and performance specifications give the contractor technical flexibility. Quality construction is ensured through the long-term performance requirements during the contract's maintenance period. Expediting construction and transferring inflationary price risk to Missouri Bridge Partners over the construction period are two significant advantages of this unique approach.

National and international headlines have pointed to Missouri's innovative Safe and Sound Bridge initiative as a possible model for the entire nation. I know you, too, are watching our progress closely to see how it can be applied elsewhere. Even U.S. Transportation Secretary Mary Peters said the Safe and Sound Bridge Program is "…. attracting national attention for its especially creative approach…."

Finalizing this deal has been especially challenging due to the volatility of the current credit markets, but we are optimistic we will have an agreement soon. While Safe and Sound will fix more than 800 bridges, it will not address our large river bridges that span more than 1,000 feet. To replace all the large bridges that need to be fixed would cost $7 billion dollars. To make sure they are at least in satisfactory condition would cost $300 to $500 million dollars over 10 years. Either way we don't have the money.

In Missouri, we recognize that we must be innovative to accomplish necessary road and bridge improvements. We know we must be efficient in our operations and make our dollars stretch as far as they can. We owe that to the citizens we serve. However, innovative solutions and program efficiencies will only go so far. What we really need is a significant infusion of money dedicated to the nation's transportation system.

At a minimum, the federal-state-local funding partnership must be continued if we are to even come close to meeting preservation needs. We need to maintain the historical federal share - 45 percent - of capital investment in the highway/bridge and transit portions of the national surface transportation system. Federal highway funding would have to increase from $43 billion in 2009 to $75 billion by 2015 just to restore the program's purchasing power back to the 1993 level. State and local spending would have to increase from about $53 billion in 2009 to $89 billion in 2015. The federal transit program would have to rise from $10 billion in 2010 to $17 billion in 2015.

In addition to more funding, states need flexibility in using federal aid to be able to take advantage of asset management approaches that can significantly extend the life of highways and bridges. A goal of asset management is to systematically repair and maintain pavements, structures, facilities and equipment so they do not deteriorate to the point where they have to be replaced. We're asking you to expand eligible uses of federal funds to include any physical maintenance that (1) extends the service life of a facility and (2) is part of a state's asset management approach. We also ask you to make preventative maintenance eligible for federal aid.

In the next transportation bill, we encourage you to authorize a thorough assessment of the interstate and national highway system corridors rehabilitation and reconstruction needs. We are concerned that the Federal Highway Administration's bi-annual

Conditions and Performance Reports do not adequately estimate future needs because the methodology does not address complete reconstruction or replacement of infrastructure that has reached the end of its useful life. The interstate system has more than 55,000 bridges and tens of thousands of other significant structural elements, many of which are reaching 40 to 50 years of age. Bridges and other structures this old usually require substantial rehabilitation or reconstruction. As we go out another 20 to 30 years, they will require complete replacement.

I am very concerned that the investments made in transportation by our grandparents that have given us unprecedented mobility and prosperity are not being made by our generation. Our children and grandchildren will not enjoy the same economic advantages and quality of life because of our refusal to pass along a comparable legacy.

We can't wait for another national tragedy to send a wake-up call. We must either find ways now to fund a transportation system that will ensure economic prosperity or be content to sit in traffic and watch our highways crumble because of overuse and a lack of funding. We can't afford to wait. Jobs and lives are at stake.

TESTIMONY OF

STEPHEN E. SCHLICKMAN

EXECUTIVE DIRECTOR

FOR THE

NORTHEASTERN ILLINOIS REGIONAL TRANSPORTATION AUTHORITY

BEFORE THE

SUBCOMMITTEE ON HIGHWAYS, AND TRANSIT

OF THE

HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

ON

MAINTAINING OUR NATION'S HIGHWAY AND TRANSIT INFRASTRUCTURE

JUNE 5, 2008

SUBMITTED BY

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The RTA is the financial oversight and regional planning body for the three public transit operations in northeastern Illinois: The Chicago Transit Authority (CTA), Metra commuter rail and Pace suburban bus and paratransit provider. For more information, visit *www.rtachicago.org* and *www.movingbeyondcongestion.org*.

Good morning, Mr. Chairman, and Members of the Subcommittee. I am, Steve Schlickman, Executive Director of the Regional Transportation Authority of Northeastern Illinois, and I am pleased to have this opportunity to provide testimony. As the Executive Director of the Regional Transportation Authority in Chicago, the maintenance needs of our capital infrastructure is one of my main worries. Thus I am pleased to have the opportunity to appear before this subcommittee today.

The RTA was established in 1974 by referendum in the six-county northeastern Illinois region. The Authority provides funding, planning and fiscal oversight for regional bus and rail operations. The RTA system is comprised of three operating agencies – the Chicago Transit Authority (CTA), Metra Commuter Rail (Metra), and Pace Suburban Bus (Pace) – and includes over 3800 buses and vans and 2300 train cars serving Chicago and hundreds of suburbs spread across a six-county, 3,700 square mile region. The CTA provides bus and rapid transit rail service in the City of Chicago and adjacent suburbs; Metra provides commuter rail service throughout the region; and Pace provides bus service in the suburbs, as well as paratransit services for the entire region.

The RTA network is the second largest public transportation system in North America and provides over two million rides each weekday. Earlier this year, we achieved a significant victory in the Illinois legislature that secured substantial new, dedicated funds to pay for transit operations in the Chicago region. However, as significant as the Illinois General Assembly's action was, it was only a partial victory. We still must address billions of dollars in unfunded capital needs.

I will get to the specific needs of the Chicago region in more detail shortly. However, I first want to make the case for why Congress should make the hard choices necessary to provide the increase in capital funding needed to keep our nation's metropolitan transit systems operating safely and reliably.

The 100 largest metropolitan areas are economic powerhouses, covering just 12 percent of land area, but generating 75 percent of gross domestic product.[1] Their continued success and economic growth is essential to our nation's global competitiveness. Unfortunately, worsening congestion threatens the economic efficiency and livability of these regions. The Texas Transportation Institute estimates that areas over one million people have the worst congestion, averaging 44 hours of delay per person per year. This translates into billions of dollars a year in lost productivity.

However, the Texas Transportation Institute study also indicated that transit was part of the solution to metropolitan traffic congestion. The study estimated that existing mass transit service in metropolitan areas with over three million people saved commuters 430 million hours of traffic delays.

There is no question that reliable transit service is essential to addressing congestion in large metropolitan regions, especially given the cost and difficulty of building new roads in urban environments. This means ensuring that the transit service is safe and reliable and includes modern equipment in order to attract riders. It also means increasing the core capacity of systems so that more people can use transit. In many cities, including Chicago, not only is more capital funding needed to maintain existing service so that it is safe and reliable, but significant additional investment is necessary to increase the capacity of the existing system to meet growing demand.

Skyrocketing gas prices have led a growing number of people in metropolitan regions to try mass transit and many systems are bursting at the seams due to this new demand. The availability of transit service is critical if we are to give commuters an alternative to growing road congestion and rising gas prices. For cities like Chicago to continue to provide top level service and to grow to meet the increased demand that transit systems all across the nation are experiencing, the federal government is going to have to step up and provide additional capital funds. The more people we can get out of their cars and using transit, the more we can reduce the demand for oil, ease congestion, and address climate change.

Transit use reduces travel in the U.S. by 102 billion vehicle miles each year. This directly results in petroleum savings of 1.4 billion gallons a year. When accounting for the effect of public transportation on land use patterns and the carryover effect on travel patterns from effective land use, transit saves the equivalent of 4.2 billion gallons of gasoline each year. This reduces greenhouse gas emissions by 37 million metric tons.[ii] Climate change is a significant issue facing the nation, and increased use of mass transit must be part of the solution.

We believe that transit, particularly large urban systems, can play a significant role in addressing these national issues. If our goal is to reduce road congestion, minimize carbon emissions, and increase energy security transit can provide an immediate impact on all of these national issues. However, we must find ways to address the capital needs of large metropolitan transit systems if they are to be part of the solution. We simply cannot increase transit ridership sufficiently to meet these goals without investing the money necessary to modernize our transit infrastructure so transit providers can continue to attract riders with reliable and comfortable service.

Last year, we began working with a loose coalition of transit agencies representing eleven large metropolitan areas, many of which are also old rail cities. The group, which we have named the Metropolitan Rail Discussion Group, includes transit representatives from New York, Los Angeles, Philadelphia, Boston, New Jersey, Pittsburgh, Cleveland, Atlanta, San Francisco, and Washington D.C have come together to begin developing principles for the authorization of the federal surface transportation program, which expires in 2009.

The metropolitan areas represented in this coalition provide two-thirds of transit trips nationally and yet receive less than half of the federal transit funding nationally. Our core principle is that the federal transit program should be allocated according to need in order to achieve the maximum impact on issues of national importance. We have just begun the process of conducting a transit capital assessment in order to better quantify the needs of our discussion group members and other large urban transit systems. The results from this assessment were not ready in time for this hearing and will not be ready until later this year. However, we did provide congressional staff a briefing on our group's general infrastructure needs as reflected in the attached PowerPoint presentation. Also at the end of the testimony we provide a brief summary of the infrastructure needs of a few of our peer systems around the country. We will submit the full capital assessment report from our coalition for the record once it is completed.

Today I would like to provide the Committee with a summary of the results from a strategic plan the RTA conducted in 2006, which included an in-depth study of our capital needs. We believe that our needs are very similar to those of other large urban transit systems. We believe the Chicago metropolitan system exemplifies the needs of other large urban transit systems like the northeastern Illinois region's transit system. But before providing further details about the

region's transit capital maintenance needs, I would like to provide the Committee with a brief overview of the RTA.

The Chicago metropolitan region has grown by nearly 1.5 million residents to more than 8.2 million people over the last two decades. This growth has been particularly significant in the suburbs, where some counties have seen a near doubling of its population over the 20-year time span. These factors have only exacerbated an already worsening congestion problem. In fact, by some measures, the Chicago region has the 2nd worse congestion in the country. As the region's population has continued to grow, so has the transit system's ridership. However, the region's public transportation system has struggled to keep up with the demands of this ridership increase.

Some parts of the system are newer and work very well, while other parts are more than a century old and are in need of a major overhaul. For safety reasons, we have slow zones on several city and suburban train lines throughout the system causing delays for everyday commuters. Some of the busiest train lines are so crowed during rush hour that people cannot board. Many of our buses, trains and passenger vans are well past their useful life, leading to more frequent breakdowns and even more delays.

It was in this context that the RTA and the operating agencies conducted a comprehensive system-wide strategic planning initiative to guide the region as it attempted to answer the critical questions about the condition and adequacy of the system and the resources required to improve and maintain this $27 billion asset.

In addition to outlining needed management reforms and coordination improvements, the plan estimated a capital investment need of $57 billion (in 2006 dollars) over the next 30 years. Approximately $19 billion in federal capital funding is anticipated to be available during that time, which leaves an unfunded capital investment need of $38 billion. The plan also identified a 5-year capital need of $16.1 billion to maintain, enhance and expand the region's transit system. Of this 5-year figure, $4.7 billion would be committed to expanding the system, while $1.1 billion would go towards system enhancements to begin to sustain and grow system into one that is of a world-class scale.

However, recognizing the fact that the system will never realize this future vision unless we "take care of what we already have," $10.3 billion is dedicated to maintaining the system. These maintenance projects would be focused on protecting the existing regional transit services and keeping the system operating in good repair, so that current service levels are maintained, buses and trains run on time and do not break down, and stations and facilities are well-maintained and safe, including the costs or replacing vehicles and other parts of the system that wear out over time. The breakdown of these maintenance requirements is as follows:

- **Rolling Stock**
  Like many other systems across the country, there is an ongoing need to replace and rehabilitate vehicles in order to provide reliable and safe service. For the CTA, more than 650 buses older than 12 years need to be replaced, while more than 900 railcars, with need to be replaced in the next 5 years. Pace needs to replace the 119 buses that are beyond their expected 12-year life spans, while Metra needs to replace its 35-year old "Highliner" electric rail cars and continue its rehabilitation programs for other locomotives and cars. Over the next 5 years, the total capital needed in the region to maintain the rolling stock is $2.9 billion.

- **Track and Structure**
  The rail system in the RTA region includes nearly 1,500 miles of track and numerous structures, such as bridges, elevated structures, viaducts, and retaining walls. Much of the system was built around the turn of the 20th Century. CTA track and structure needs include accelerated track and tie replacements to address slow zones; structural rehabilitation of the North Mainline; upgrade of the subway ventilation and fan systems; and rehabilitation of bridges, viaducts and retaining walls. Metra has 1,200 miles of track, 800 bridges, and hundreds of signals and switches. Metra's capital track and structure needs include track infrastructure improvements, new pedestrian bridges and bridge rehabilitation, and new grade separations and grade crossing renewals. Over the next 5 years, the total capital needed in the region to maintain the track structure of the system is $2.1 billion.

- **Signals, Electrical, and Communications**
  The RTA system encompasses an extensive set of signal, electrical, and communications infrastructure, including signals, automatic block signals, track switches, signal relays, interlockers, grade crossing and pedestrian crossing signals, some dating back to the 1950s. Over the next 5 years, the total capital needed in the region to maintain the electrical signal and communications system is $1.4 billion.

- **Support Facilities & Equipment**
  Some of the RTA system support facilities were built around the turn of the 20th Century. For example, the CTA Archer and 77th Street bus garages were adapted from streetcar barns built around 1908, The Weldon Facility at 14th Street on the Metra Electric District, first opened in the 1920s. Pace's capital needs for support facilities & equipment include the replacement of system-wide fare collection equipment, improvements to garages, replacement of office and computer equipment and maintenance/support equipment. Over the next 5 years, the total capital needed in the region to maintain the support facilities and equipment is $1.8 billion.

- **Passenger Facilities**
  The RTA system has more than 370 rail stations and thousands of bus stops. The CTA system includes144 rail stations, several off-street bus facilities, and bus stops on more than 150 bus routes. The system's passenger facility needs include the ongoing reconstruction of major stations, ADA station work, station upgrades and station parking expansion and rehabilitation. Over the next 5 years, the total capital needed in the region for passenger facilities is $1.1 billion.

Another issue of concern for large urban transit systems has been issues of core capacity that have constrained our ability to deal with increased demand and ridership. In a general sense, core capacity deals with those elements which constrain a system's ability to increase ridership. The question is how to do you accommodate new additional riders?

For example, in Chicago, the CTA had a major problem with overcrowding on its Brown Line service. In 2006, the CTA began a $530 million rehabilitation and capacity expansion program for the Brown Line utilizating federal New Starts funding. When completed, the project will extend station platform lengths to support 8-car trains and make all of the stations along the line wheelchair accessible. New Starts-funded capacity expansion project should not be unique to Chicago. Similar needs are found throughout the largest transit rail systems. In many cases the

mobility benefits sought by the New Start Program can be most cheaply and effectively achieved through capacity improvements for these systems, given that they serve markets that have the greatest demand for transit.

Although the Discussion Group plans to complete its needs assessment within the next few months, below are a few brief summaries detailing the overall maintenance needs of a few of our member systems.

Metropolitan Transit Authority – New York

As the largest regional transit provider in the Western Hemisphere, the MTA's network of commuter railroads, subways and buses handles 8 million trips each weekday, while its 7 bridges and two tunnels serve approximately 900,000 vehicles each day. Twenty-four hours a day, seven days a week, over 5,800 buses navigate the city streets and our 8,500 rail cars travel over 2,000 miles of track and service over 700 stations. Delivering reliable service depends on constant investment in the core system to ensure that every component of that system works. These visible components of service are supported behind the scenes and beneath the streets by the tens of thousands of components that make up the "invisible" infrastructure. This infrastructure, both visible and invisible, must work well in order for customers to experience good service. A failure in any one of these tens of thousands of assets can mean delays for hundreds of thousands of customers. The 2008-2013 Capital Program provides a range of investments to address all components of the basic, core infrastructure. Investments of $7.7 billion in the visible infrastructure include $3.2 billion in station rehabilitations and component replacement to improve the customer environment, and $4.5 billion for ongoing fleet replacement and expansion, which will continue to provide transit and railroad customers with both enhanced comfort and a ride that is less prone to breakdown.

The MTA's continuing capital investments of $11.5 billion in the invisible infrastructure will ensure even further improvements in reliability. The program invests in: replacing track to allow the trains to operate smoothly and at maximum speeds; rehabilitating pump rooms to remove water from the system and new investments to prevent the type of flooding that crippled the system last year; replacing fan plants to maximize response to smoke conditions; modernizing signals; and overhauling the extensive power system to ensure uninterrupted electricity to move trains and operate these support systems. Investments to expand or reconfigure maintenance shops, rail yards and bus depots accommodate the growing, more diverse fleets.

Washington Metro Area Transit Authority – Washington DC

In March 2008, the Washington Metropolitan Area Transit Authority (WMATA) proposed a $489 million plan to address urgent critical repairs to maintain a safe and reliable rail, bus and paratransit system. WMATA plans to reprioritize capital projects and shift funds to more pressing projects over the next two years, including making immediate repairs to power systems, water-damaged cables, and customer facilities (e.g., replacing deteriorating ceiling tiles and platforms), as well as replacing wooden rail ties and worn-out track fasteners to help prevent fires and improve reliability.

In addition to the rail reliability improvements, monies also would be spent on safety enhancements, bus maintenance facility rehabilitation, MetroAccess vehicles and information technology equipment. More than $12 million would be spent to comply with recommendations from safety oversight agencies for emergency door releases on the outside of railcars and equipment to automatically grease rail car wheels to prevent derailments.

To address urgent critical repairs, WMATA is planning to spend $157 million in 2009 and 2010 using reprioritized funding from other on-going rehabilitation projects, as well as some potential borrowing. Under the proposal, WMATA would still need $332 million beyond 2010 to pay for additional urgent capital needs, such as continued work on track and power upgrades needed for rail reliability, rehabilitating vaulted ceilings in stations and repaving several parking lots. Those additional needs would be included in the next ten-year capital improvement plan (CIP).

WMATA is currently developing a ten-year CIP to address *all* of the transit system's capital needs between 2011 and 2020. These capital needs will include improvements to keep the system in a state of good repair, such as rail and bus fleet replacement and improvements to maintenance facilities, systems, elevators and escalators, parking lots, tracks, stations, tunnels and bridges. This capital plan will also include capacity enhancements, particularly rail and bus fleet expansion, needed to keep up with expected ridership growth over that period.

WMATA's last ten-year CIP developed in 2002, projected state-of-good repair and capacity enhancement capital needs at roughly $6 billion. Rapid inflation in construction and equipment costs since 2002 will drive up the comparable costs for the next ten years. In addition, the 30-year-old Metrorail system is requiring many lifecycle replacement costs for the first time, including the replacement of nearly one-third of the rail car fleet.

Massachusetts Bay Transportation Authority – Boston, Massachusetts

The MBTA owns and operates one of the oldest and most extensive mass transit systems in the country. The MBTA has the fifth highest transit ridership in the country and transit usage is three times the national average as a percentage of total travel. The MBTA provides public transportation services to a service district of 175 cities and towns across Eastern Massachusetts encompassing almost 4.7 million people over an area of 3,200 square miles. The Authority moves 1.1 million passengers every day on a system of bus routes, rapid transit lines, commuter rail lines, ferry routes, trackless trolley lines, paratransit and a bus rapid transit system.

The MBTA's transit system comprises over 125 transit stations that provide over 650,000 trips each weekday, a bus/trackless trolley system consisting of over 170 routes that generate over 375,000 trips each weekday, and a commuter rail system consisting of 702 miles and 126 stations that produce over 38 million annual unlinked trips.

The MBTA owns and operates an enormous amount of physical infrastructure, including 2,500 vehicles, 275 stations, 885 miles of track, approximately 500 bridges, 20 miles of tunnels, and many more components of maintenance facilities, garages, power substations, signal equipment and other infrastructure. In 2006, the estimated net worth of MBTA infrastructure (excluding real estate) was approximately $12 billion.

The MBTA's FY09-13 Capital Investment Program (the "CIP") authorizes $3.75 billion in capital spending to reinvest in its transportation infrastructure and to build expansion projects. Of this $3.75 billion, $880 million represents funding from non-MBTA sources. Of the 2.87B in MBTA investment, 94% or $2.7B represents reinvestment in existing infrastructure.

The larger principles guiding the programming of funds are based on the MBTA's enabling legislation and the "State of Good Repair" standards. Projects in the CIP were and are selected through an ongoing prioritization process that strives to balance capital needs across the entire range of MBTA transit services in four major programmatic areas: 1) reinvestment in the existing infrastructure, 2) accessibility improvements, 3) enhancement to existing services and

4) system expansion efforts. Given the Authority's financial limitations, its vast array of infrastructure, and the need for prudent expansion, the number of capital needs identified each year usually exceeds the MBTA's capacity to provide capital funds.

However, one of the highest priorities of the CIP for the MBTA is the pursuit of a state of good repair (as is reflected by the fact that 94% of the CIP represents reinvestment in existing infrastructure), and to assist with its annual investment allocations, the MBTA utilizes a State of Good Repair database, which helps guide capital decisions, particularly with respect to funding the MBTA's backlog of state of good repair projects.

As detailed in its most recent State of Good Repair Report, the MBTA needs to spend approximately $470 million per year to maintain the current state of good repair backlog, which is $2.7 billion. The state of good repair "backlog" is defined as the total cost to renew or replace all assets that are currently beyond their useful life. Even with unlimited funds, it would take nearly 7 years to complete these backlogged projects, during which time an additional $2.1 billion in needs would be generated. In brief, stating this another way, undertaking enough projects to bring the MBTA to an ideal state of good repair would require a massive investment of around $4.8 billion over 7 years.

Conclusion

With the impending authorization of the federal surface transportation program, we have an ideal opportunity to address the challenges that increasing congestion and climate change present to our nation's economic growth and competitiveness if we are willing to make the financial commitment necessary to rebuild and enhance our existing transit assets. We hope that the next transit bill will increase transit capital funding enough to allow the large older transit systems to address these significant capital needs so that we can continue to make transit an increasingly attractive transportation alternative. At its core, federal funding for transit must increase, and the share of that funding going to transit systems in major metropolitan areas must increase. This will allow large urban transit systems to eliminating our backlog of necessary capital investments in order to bring the infrastructure of the older rail systems to a state of good repair, while addressing our core capacity needs. While we believe that the needs of the largest and oldest systems are especially acute, we recognize that newer systems and smaller systems also have important funding needs and the only way to address this problem is to significantly increase the funding for transit programs as part of the next transportation bill.

Mr. Chairman, again thank you and the Subcommittee for inviting me to testify. I appreciate the Subcommittee's interest in this area and would be pleased to respond to questions at this time.

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[i] "Metro Nation." Metropolitan Policy Center at Brookings. December 2007

[ii] "The Broader Connection between Public Transportation, Energy Conservation and Greenhouse Gas Reduction." February 2008 by ICF International

TESTIMONY OF

LINDA S. WATSON

CHIEF EXECUTIVE OFFICER

LYNX

CENTRAL FLORIDA REGIONAL TRANSPORTATION AUTHORITY

BEFORE THE

SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

OF THE

U.S. HOUSE OF REPRESENTATIVES

****

June 5, 2008

Submitted by

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LYNX

INTRODUCTION

Mr. Chairman and members of the Committee, thank you for this opportunity to testify to you on the challenges of bus only transit systems.

I have been asked to testify on the maintenance needs of the bus system in Central Florida but I think you will find that most of what I have to say applies to any transit operation that includes buses. I will also address some of the challenges we face and the role of federal funding and policy decisions on the operation of our system.

LYNX – THE CENTRAL FLORIDA REGIONAL TRANSPORTATION AUTHORITY

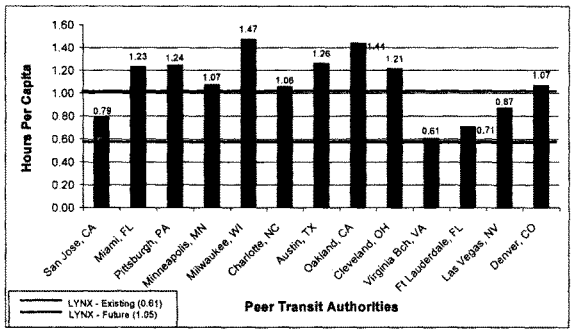
LYNX is the business name for the Central Florida Regional Transportation Authority, the agency responsible for providing public transportation in Orange, Osceola and Seminole counties. We serve a resident population of 1.8 million people in a 2,500 square mile service area. When you consider the 50 million annual tourists that visit our area and the cars they rent while there, our traffic congestion and time lost in traffic increases every day.

LYNX provides transportation service to this large urban area with only 290 buses, which is well below the number of buses used in peer cities (see below).

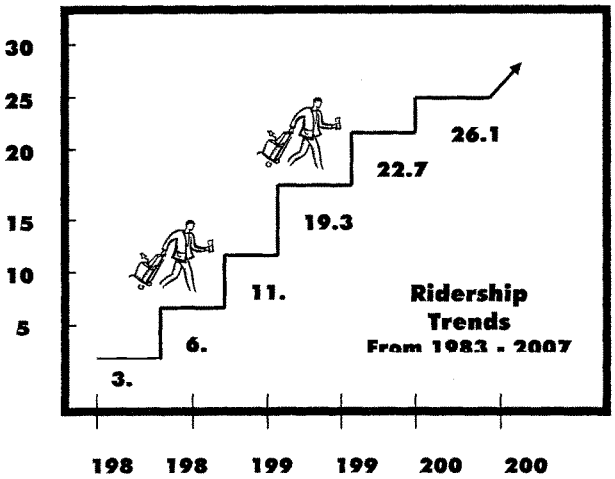
PEER SYSTEM COMPARISON

SYSTEM	# of BUSES	SERVICE AREA
LYNX	290	2,500 sq. mi.
Charlotte	368	445 sq. mi.
Las Vegas	383	280 sq. mi.
Miami	506	285 sq. mi.
Phoenix	709	799 sq. mi.

A burden the lack of buses forces on us is that 90% of our routes operate on 30 minute or longer frequency. This is occurring while our customers are standing at one of our 5,000 bus stops of which only about 500 have bus shelters. It is extremely difficult to talk people out of their cars when the best alternative you can present is a wait of an hour or more for the next bus (see chart below).



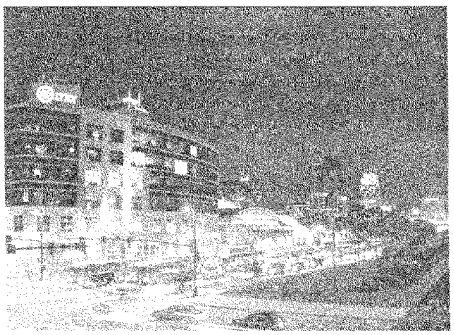
Despite the small fleet we operate, the infrequent service and the lack of shelter from the intense Florida sun, LYNX has seen ridership increase 24 of the last 25 years; the only exception to this occurred the year after September 11 (see chart below). Ridership is up 7% for the first four months of 2008 despite a 17% fare increase implemented in January.



Central Florida's population will double from 3.5 to 7.2 million by 2050. The State of Florida will soon pass New York to become the nation's third largest state. Our transit system in Central Florida as well as other systems in the State are woefully unprepared to provide the transportation necessary to get our workers to work and keep our economy moving. And if we are unprepared to move our citizens within our communities, how are we prepared to compete globally and remain the superpower that we are today?

FEDERAL POLICY IMPLICATIONS

Federal funds have been essential in building our capital program including a downtown 24-bay transfer station and office tower, a 250-bus maintenance garage and four super stops. What we have been unable to do is maintain these facilities. This is where a policy change is needed to help bus only systems build the systems of tomorrow.



As you know, rail systems have a "rail modernization" formula funding program which allows them to be able to rely on a consistent, annual source of funding to keep their systems safe, secure and clean. This allows them to not only contain operating costs but enhance the transit trip for their customers. On the other hand, our 13 year old super stops need repairs and improved lighting and security. Although we can use our federal formula funding for preventive maintenance, we have the tough decision to make about whether to use this funding to replace buses or maintain and improve facilities. A separate fund for maintenance and preventive maintenance would improve this.

CONCLUSION AND RECCOMENDATIONS

As America competes in the 21st century, the nation's policy makers have to create a new strategy – a new foundation – for keeping the United States the driving force in the global economy.

A well-planned, highly-coordinated rapid transit system can be that foundation.

Just as public policy in the 1950s pushed America toward a car-centered transportation system, public policy in the new millennium can push America toward a transit-centered transportation system.

With that in mind, I would like to recommend consideration of the following public policies:

1. Create a separate formula funding category for bus maintenance similar to the rail modernization formula program. This would allow systems to maintain their fleets and facilities without competing with capital needs.

2. Dramatically increase capital funding for transit to stimulate the development of a national and local rapid transit system. The vision for this rapid transit system should be one that connects major cities as seamlessly as the current highway system does. The local transit system should be a combination of rail and bus that removes the need for a car when in an urban area.

3. Create funding incentives that force local governments to develop smart-growth plans such as high-density development around multi-modal transit systems.

4. Fund bus-only lanes on both interstate highways and major transit corridors in metropolitan areas.

5. Increase funding for 5316 -- Job Access and Reverse Commute. As fuel prices continue to rise, the population attempting to return to and stay in the workforce is further reliant on public transportation service.

6. Increase funding for 5317 -- New Freedom Program. America's population is aging. Gas prices are soaring. That can be a lethal combination for a segment of the population that is used to being mobile.

It seems obvious that the car-centered transportation system that worked so well in the last half of the 20th century is failing us now. We have to find an effective way to deal with soaring fuel prices, time-consuming congestion in every metropolitan area and non-stop pollution of our environment.

Transit *is* the solution in the 21st century.

It will take bold policy decisions to get people out of their cars, but it was bold policy decisions in the 1950s that got them into cars in the first place.

China spends 9% of its gross domestic product (GDP) on infrastructure and India spends 8%. The United States is heading in the opposite direction, spending only 0.93% of GDP and we have a multi-trillion dollar backlog in deferred transportation infrastructure needs.

Perhaps a more balanced funding of highways and transit would give people a *REAL* choice and at the same time reduce congestion, reduce pollution to the environment and reduce our addiction to the automobile.

Thank you.

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