INVESTING IN INFRASTRUCTURE: THE ROAD TO RECOVERY

(110–176)

HEARING

BEFORE THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

OCTOBER 29, 2008

Printed for the use of the
Committee on Transportation and Infrastructure

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John L. Mica
Ranking Republican Member

David Heymsfeld, Chief of Staff
Ward W. McCarragher, Chief Counsel

James W. Coon II, Republican Chief of Staff

October 28, 2008

SUMMARY OF SUBJECT MATTER

TO: Members of the Committee on Transportation and Infrastructure

FROM: Committee on Transportation and Infrastructure Staff

SUBJECT: Hearing on "Investing in Infrastructure: The Road to Recovery"

PURPOSE OF HEARING

On Wednesday, October 29, 2008, at 9:30 a.m., in room 2167 Rayburn House Office Building, the Committee on Transportation and Infrastructure will hold a hearing to examine how infrastructure investment contributes to job creation and economic recovery. The hearing will address infrastructure across the Committee's jurisdiction, including highways, bridges, public transportation, rail, aviation, ports, waterways, wastewater treatment facilities, and Federal buildings.

BACKGROUND

Adequate investment in our transportation and other public infrastructure is critical to our nation's economic growth, our competitiveness in the world marketplace, and the quality of life in our communities. Despite the importance of these investments, many of our nation's infrastructure needs are going unmet.

At the same time, unemployment in the construction sector is skyrocketing and almost one million construction workers are currently unemployed and looking for work. In addition, the construction market is shrinking dramatically. The construction market is experiencing the biggest sustained decline in construction in at least four decades.

Unemployment in the construction sector has increased dramatically over the past year. According to the Bureau of Labor Statistics ("BLS"), the construction sector lost more than 600,000 jobs in 2007 and 2008, including 261,000 jobs in 2007 and 340,000 jobs during the first nine months of 2008 (through September). The unemployment rate in construction was 9.9 percent in September 2008 – up 4.1 points compared to a year ago. This is the highest unemployment rate of any industrial sector. As of September 2008, there are 970,000 unemployed construction workers in the nation – a 60 percent increase over the past year.

Within the overall construction sector, seasonally adjusted employment in heavy and civil engineering construction[1] has fallen in each of the past 11 months, from 999,500 in October 2007, to 944,600 in September 2008, a loss of 54,900 jobs. Heavy and civil engineering construction employment is now the lowest it has been since April 2005.

A report released last week by McGraw-Hill Construction estimates the value of new construction projects will fall to $515 billion next year, down seven percent from this year, and 25 percent below its peak of $690 billion in 2006.[2] This estimate includes a four percent decline in highway and bridge construction, to an estimated $50 billion in new projects. Until recently, construction of hospitals, roads, schools and offices had remained relatively strong, despite a decline in residential housing construction. However, according to the report, States are suffering lower tax revenue, and financing for projects has become prohibitively expensive or unavailable at any cost as banks restrict lending. The result is the biggest sustained decline in construction in at least four decades.

On October 17, 2008, Bloomberg News reported that municipal borrowers had postponed more than 200 debt offerings totaling at least $14 billion since mid-September. In the area of transportation, the North Carolina Turnpike Authority postponed plans to raise $600 million to begin work on a toll road. Similarly, the Massachusetts Bay Transportation Authority held off borrowing $350 million after investors demanded yields of about six percent, a full percentage point more than anticipated.

Many have argued that including infrastructure investment in a jobs creation and economic recovery initiative addresses both the skyrocketing construction unemployment and our crumbling infrastructure simultaneously. Infrastructure investment creates family-wage, construction jobs that are needed in the near-term. It also helps address our infrastructure investment needs and produces long-term benefits in terms of economic productivity and growth to increase the United States' global competitiveness.

I. Infrastructure Investment Needs

The National Surface Transportation Policy and Revenue Study Commission recently examined investment needs for all modes of surface transportation (highways, bridges, public transit, freight rail, and intercity passenger rail). The 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 to a state of good repair. The current annual capital investment from all sources in all modes of surface transportation is $85 billion.

[1] This term includes highway, street, and bridge construction; utility system construction; land subdivision construction; and other heavy and civil engineering construction.

[2] This forecast is based on McGraw-Hill's tracking of new construction projects, including the issuance of building permits.

For highways and bridges, the Department of Transportation's 2006 Conditions and Performance Report indicates that a total investment by all levels of government of $78.8 billion (in constant 2004 dollars) is needed annually to maintain our highway and bridges in their current condition. To improve the overall condition of highways and bridges, a combined investment of $131.7 billion (in constant 2004 dollars) is needed each year. According to the Department of Transportation ("DOT"), the annual investment gap is $8.5 billion to maintain our current systems and $61.4 billion to begin to improve highway and bridges.[3]

According to DOT's 2006 Conditions and Performance Report:

- Only 42.2 percent of travel on roads for which data are available occurred on pavements with "good" ride quality;
- 13.1 percent of highway bridges are classified as structurally deficient; and
- 13.6 percent of highway bridges are classified as functionally obsolete.

For transit, DOT's 2006 Conditions and Performance Report indicates that a total investment by all levels of government of $15.8 billion (in constant 2004 dollars) is needed annually to maintain transit systems at their current condition and level of performance. To improve the overall condition and performance of transit systems, a combined investment of $21.8 billion (in constant 2004 dollars) is needed each year. According to DOT, the annual investment gap is $3.2 billion to maintain our transit systems and $9.2 billion to begin to improve our transit systems.[4]

According to DOT's 2006 Conditions and Performance Report:

- Over one-half of all urban rail transit stations are substandard;
- One-third of our nation's bus maintenance facilities are substandard;
- 16 percent of elevated transit structures are substandard;
- 13 percent of underground transit tunnels are substandard; and
- 8 percent of transit track is substandard.

For freight rail, DOT estimates that the demand for rail freight transportation—measured in tonnage—will increase 88 percent by 2035. A study conducted by Cambridge Systematics, Inc. estimates that an investment of $148 billion (in 2007 dollars) for infrastructure expansion over the next 28 years is required to keep pace with economic growth and meet DOT's forecast demand. Of this amount, the Class I freight railroads' share is projected to be $135 billion and the short line and regional freight railroads' share is projected to be $13 billion. Without this investment, 30 percent of the rail miles in the primary corridors will be operating above capacity by 2035, causing severe congestion that will affect every region of the country and potentially shift freight to an already heavily congested highway system.

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[3] According to DOT's 2006 Conditions and Performance Report, Federal, State, and local capital expenditure for highways and bridges totaled $70.3 billion in 2004. This is $8.5 billion less than the annual expenditure needed to maintain highways and bridges, and $61.4 billion less than the annual expenditure needed to improve highways and bridges.

[4] According to DOT's 2006 Conditions and Performance report, Federal, State, and local capital expenditure for transit totaled $12.6 billion in 2004. This is $3.2 billion less than the annual expenditure needed to maintain transit systems, and $9.2 billion less than the annual expenditure needed to improve transit systems.

The railroad industry is extraordinarily capital intensive. The Class I railroads anticipate that they will be able to generate approximately $96 billion of their $135 billion share through increased earnings from revenue growth, higher volumes, and productivity improvements, while continuing to renew existing infrastructure and equipment. This would leave a gap of $39 billion or about $1.4 billion per year.

Demand for intercity passenger rail has also increased due to soaring gas prices. The Passenger Rail Working Group for the National Surface Transportation Policy and Revenue Study Commission reported in 2007 that the total capital cost estimate for re-establishing the national intercity passenger rail network between now and 2050 is $357.2 billion (in 2007 dollars), for an annualized cost of $8.1 billion.

Increased investment in our airport infrastructure is also necessary to maintain a safe and efficient aviation system. The Federal Aviation Administration's recently-released National Plan of Integrated Airport Systems (2009-2013) estimates that there will be $49.7 billion of AIP-eligible projects during the next five years -- an increase of 21 percent compared to the last NPIAS that the FAA issued two years ago. Additional funds are needed to allow the AIP program to keep pace with inflationary cost increases and meet airport safety and capacity needs.

Estimates of the nation's clean water infrastructure needs over the next 20 years exceed $400 billion. The needs are especially urgent for areas trying to remedy the problem of combined sewer overflows and sanitary sewer overflows and for small communities lacking sufficient independent financing ability. Drinking water infrastructure needs are estimated at nearly $500 billion over the next 20 years. Current spending by all levels of government is one-half of the estimated needs.

High quality drinking water and wastewater treatment are critical to protecting human health and the environment. The Congressional Budget Office estimates that there is an annual investment need of between $11.6 billion and $20.1 billion to ensure a safe, clean supply of drinking water, and an additional need of an annual investment of between $13 billion and $20.9 billion in wastewater treatment. Given current funding levels from all sources, there is an annual investment gap for wastewater and drinking water infrastructure of between $3 billion and $19.4 billion.

There are 772 communities in 33 states and the District of Columbia with a total of 9,471 identified combined sewer overflow problems. Combined sewer overflows contribute to the ongoing contamination of the nation's waters by releasing approximately 850 billion gallons of raw or partially-treated sewage annually. In addition, the Environmental Protection Agency ("EPA") estimates that between 23,000 and 75,000 sanitary sewer overflows occur each year in the United States, releasing between 3 to 10 billion gallons of sewage per year. The EPA estimates that more than $50.6 billion is necessary to address combined sewer overflow problems, and an additional $88.5 billion to address sanitary sewer overflows.

With trade expanding and highways and railways congested, efficient water navigation must be provided and maintained through the ports and waterways constructed and maintained by the Army Corps of Engineers. The vast array of navigation and flood damage reduction infrastructure is important to the nation's economy, but this infrastructure has suffered from many years of inadequate funding for maintenance and replacement. The capital stock value of Corps water resources infrastructure has been decreasing since the late 1970s. Significant increases in investment for maintenance of existing facilities and the construction of modern ones are urgently needed.

II. Impact of Inadequate Investment

The impact of inadequate infrastructure investment is being felt in a variety of ways, most notably through a significant increase in congestion.

Road congestion has become a major national problem. According to the Texas Transportation Institute's 2007 Urban Mobility Study, traffic congestion in the nation's 437 urban areas continues to increase. Congestion now occurs during longer portions of the day and delays more travelers and goods than ever before.

As congestion increases, so does the cost it imposes both on our economy and on motorists. In 2005, traffic congestion cost urban motorists $78.2 billion in terms of wasted time and fuel, compared to $73.1 billion in 2004, and just $14.9 billion in 1982.[5] This level of congestion equates to an average annual cost per traveler of about $710 in 2005, up from $680 in 2004, and $260 in 1982. The hours of delay and gallons of fuel consumed due to congestion are only the elements that are easiest to estimate. The effect of uncertain or longer delivery times, missed meetings, business relocations, and other congestion impacts are not included in this estimate.

Congestion has increased in the air, as well. In 2007, air travelers experienced the highest number of delayed flights – 1.8 million – in the 13 years since DOT has collected such data. The Federal Aviation Administration ("FAA") predicts that, absent needed improvements to the aviation system, including the modernization of the air traffic control system, delays will increase by 62 percent by FY 2014.

According to the Commission on the Future of the U.S. Aerospace Industry, estimates of the cost of aviation delays to the U.S. economy range from $9 billion in 2000 to more than $30 billion annually by 2015. Without improvement, the combined economic cost of delays from 2000-2012 will total an estimated $170 billion.

Delays are also increasing on our inland waterways, which contain a series of outdated and antiquated locks and dams that, unless rehabilitated, replaced or expanded, will continue to hinder the movement of coal, grain, and other bulk products. Fifty-three percent of the lock chambers on the system have exceeded their 50-year design lives. With trade expected to increase, delays are likely to continue to rise with increased traffic using the aging inland waterway system.

Inadequate infrastructure investment is also putting our environment at risk. Communities throughout the United States continue to struggle financially to meet their ever-increasing wastewater treatment infrastructure needs. The Environmental Protection Agency ("EPA") has reported that a failure to increase investment in wastewater treatment infrastructure would erode many of the water quality achievements of the past 30 years.

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[5]In constant 2005 dollars.

III. Job Creation and Unemployment Relief Act of 2008 (H.R. 7110)

To create jobs while at the same time meeting important infrastructure investment needs, the House passed the Job Creation and Unemployment Relief Act of 2008 (H.R. 7110) on September 26, 2008, by a vote of 264-158. The Senate has not taken action on the bill.

H.R. 7110 provides $61 billion in additional funding, including $30 billion for programs within the jurisdiction of the Committee on Transportation and Infrastructure, as follows:

➢	**Highways and Bridges**	**$12.8 billion**
➢	**Transit:**	**$4.6 billion**
	Including Transit Capital	$3.6 billion
	And Transit Energy Funding	$1.0 billion
➢	**Rail (Amtrak):**	**$500 million**
➢	**Aviation:**	**$600 million**
	(Airport Improvement Program)	
➢	**Environmental Infrastructure:**	**$6.5 billion**
	(Clean Water State Revolving Fund)	
➢	**Army Corps of Engineers:**	**$5.0 billion**
	Including Construction	$2.5 billion
	Operation & Maintenance	$2.0 billion
	Mississippi River & Tributaries	$500 million

Under H.R. 7110, the funds for highways, bridges, transit, and environmental infrastructure would be distributed based on the existing statutory formulas that are used by each of these programs. Tables showing the State-by-State distribution of highway, transit, and clean water investments provided under H.R. 7110 are attached. The funds for AIP and the Corps of Engineers would be distributed through existing competitive project selection processes.

Transportation and Infrastructure Committee staff estimates that this $30 billion would create or sustain more than 834,000 jobs.[6]

In contrast to tax cuts or rebate checks, virtually all of the economic stimulus effect from these investments will be experienced in the United States. Not only would the construction work be done here, but most transportation construction materials and equipment are manufactured in the United States. These infrastructure programs are subject to Buy America laws which require that the steel, iron, and manufactured goods for projects funded with Federal funds be produced in the United States. In addition, vehicles, such as transit buses or rail cars, must be assembled in the United States.

[6] The estimate is based on Federal Highway Administration's model on the correlation between highway infrastructure investment and employment, and assumes waiver of State matching share of project costs for most programs, as proposed in H.R. 7110.

In general, under H.R. 7110, priority in the use of funds shall be given to projects that can award contracts based on bids within 120 days of enactment. While certain infrastructure projects may require years of engineering and environmental analysis, followed by a lengthy contract award process, a subset of projects – such as projects involving rehabilitation and repair of existing infrastructure – can move much more quickly, with work beginning within 120 days or less.

IV. Ready-To-Go Projects

A. Highways and Bridges

State Departments of Transportation ("DOTs") have a tremendous backlog of highway projects that could be implemented quickly if additional funds were made available. For example, State DOTs often have open-ended contracts in place for resurfacing projects, which means that work could begin immediately upon receipt of additional funds. In addition, many State DOTs have projects already in process that could be accelerated if additional funding were provided.

Each year, the Federal Highway Administration ("FHWA") and State DOTs go through a process known as "August redistribution". In this process, FHWA surveys each State to find out if it is going to be able to use all of its obligation authority before the authority expires at the end of the fiscal year on September 30. If a State cannot use all of its obligation authority, it returns the unused amount to FHWA, so that it can be redistributed to another State that can use it before it expires. During the August 2008 redistribution process, States indicated an ability to obligate an additional $8 billion prior to September 30, but only $1.16 billion was redistributed to meet this need. This FHWA August 2008 redistribution illustrates the States' pent-up demand of ready-to-go projects and their ability to obligate large amounts of additional funding very quickly.

A January 2008 survey of State Departments of Transportation by the American Association of State Highway and Transportation Officials ("AASHTO") identified 3,071 ready-to-go highway and bridge projects at a total cost of $17.9 billion. The summary table of the AASHTO survey is attached.

Specific examples of ready-to-go highway and bridge projects provided by AASHTO are discussed below. These are illustrative of the types of projects States could choose to fund if additional Federal-aid Highway funds are apportioned to the States.

- <u>Brownville Bridge, U.S. Route 136, Atchison County, Missouri</u>: According to the Missouri Department of Transportation, this project would accelerate necessary repair work on the bridge over the Missouri River at Brownville, Nebraska. The 1,903-foot bridge is 70 years old and is structurally deficient. The bridge has a rating of 3 (serious condition), which is lower than the rating of the I-35W Bridge which collapsed in Minnesota. This rating reflects such a serious condition that if its rating drops to 2, the bridge will be closed. If the bridge has to be closed, residents will have to make a 123-mile detour. Work that needs to be completed on this bridge includes joint repair, substructure repair, painting and redecking. Cost: $13,200,000.

- Osage River Bridge, Route 17, Tuscumbia, Missouri: According to the Missouri Department of Transportation, this project would accelerate the replacement of a structurally deficient and functionally obsolete bridge with the construction of a new bridge over the Osage River at Tuscumbia. Tuscumbia is the county seat of Miller County, one of four counties in the Lake of the Ozarks region, which the U.S. Census Bureau estimates show saw a greater than seven percent population growth between 2000 and 2006. The current bridge is a two-lane, 1,083-foot structure that is 75 years old and rated a 3 (serious condition). If the bridge has to be closed, residents will have to make a 40-mile detour. Cost: $9,270,000.

- I-5/I-205 Interchange, Portland, Oregon: According to the Oregon Department of Transportation ("ODOT"), the I-5/I-205 interchange, which connects two of Oregon's most heavily traveled freight and passenger corridors, was recognized by Portland metropolitan area residents as one of the region's worst congestion chokepoints in a recent poll as well as noted in the State's "Federal Bottleneck Report". ODOT would like to address congestion at this interchange by building an acceleration/auxiliary lane that would allow traffic from the I-205 southbound ramp additional time to safely merge onto I-5 without slowing traffic in the travel lanes. This lane could significantly improve traffic flow on I-5 and I-205 at a relatively small cost. ODOT could quickly put this project out for contract and get construction underway in 2009. Cost: $15,000,000.

- U.S. Route 20, Pioneer Mountain to Eddyville, Oregon: According to ODOT, this design/build project is currently under construction. The project will build seven miles of new alignment between Corvallis and the Oregon coast on U.S. Route 20. Currently, this segment of highway narrowly winds through the Coast Range. It is not updated to modern highway standards, experiences high crash rates, and has freight mobility restrictions. These restrictions cause significant out-of-direction travel for trucks. Improvements to the west end tie-in section, which are designed and ready to go to construction, had to be modified to stay within budget. Additional Federal funding would allow this project to move forward immediately. Cost: $12,000,000.

B. Transit

Due to high gas prices, transit agencies across the country are experiencing increased demand for transit services. In 2007, 10.3 billion trips were taken on public transportation – the highest number of trips taken in 50 years. Ridership has continued to climb in 2008, with a 4.4 percent increase in trips taken during the first half of 2008 compared to the same period last year, putting 2008 on track to beat last year's modern record ridership numbers.

Additional funds could be put to immediate use to meet this demand and, at the same time, create and sustain good-paying jobs and economic activity. An October 2008 survey of public transportation agencies by the American Public Transportation Association ("APTA"") identified 559 ready-to-go transit projects at a total cost of $8.03 billion. Typically, these projects involve purchasing buses and rail cars by exercising existing contract options, and accelerating existing construction and maintenance projects. Specific examples, provided by APTA, are discussed below. These are illustrative of the types of projects that transit agencies could choose to fund if additional funds are apportioned to urbanized and nonurbanized areas.

- Virginia Railway Express, Alexandria, Virginia: This project would allow the Virginia Railway Express ("VRE") to exercise options to purchase 15 locomotives, which will allow the transit agency to increase capacity by deploying longer eight- and 10-car trains. In February, VRE signed a contract with MotivePower, Inc. to purchase as many as 20 replacement locomotives. At present, VRE has been able to purchase only five locomotives due to a lack of funding. If Federal resources were made available, the railroad could immediately execute options to purchase as many as 15 locomotives. MotivePower locomotives are manufactured in Boise, Idaho. Cost: $63,000,000.

- Muncie Indiana Transit System, Muncie, Indiana: This project would allow the Muncie Indiana Transit System to exercise existing options to purchase four replacement hybrid electric buses. The Muncie Indiana Transit System is in the final year of an existing bus procurement contract with Gillig Corporation, and it has the option to purchase four diesel-electric hybrid buses. The buses would be Muncie's first deployment of hybrid technology, and they would replace vehicles purchased in 1994 that are well past their expected service life. Diesel-electric hybrid buses reduce fuel consumption by as much as 40 percent, and regenerative braking technology reduces maintenance costs for transit agencies. If Federal resources were made available, the agency could immediately exercise options to purchase the four hybrid buses. Gillig buses are manufactured in Hayward, California. Cost: $2,100,000.

- Regional Transportation District, Denver Colorado: These projects would finance transit station improvements to meet increased demand for transit services. Regional Transportation District ("RTD") ridership has been growing rapidly, increasing by 13.1 percent in 2007 compared to the previous year, and it has continued growing rapidly in 2008 as more commuters switch to transit to minimize their commuting costs. RTD is ready to begin construction on the renovation of Denver's Union Station, but the $478 million project needs $230 million in additional funding. The project has completed all necessary environmental reviews and construction could start in spring 2009 with additional federal funding. The station renovation will incorporate an at-grade, eight-track commuter rail station, relocation of RTD's regional bus facility below grade under 17th Street; and relocation of the light rail station at-grade to the Consolidated Mail Line. RTD's other ready-to-go passenger facility projects include improvements for the Belleview light rail station ($3 million) and a design-build contract for a new park-and-ride facility in the southwest corner of the District with 200 spaces ($2 million). Cost: $235 million.

- New York City Transit, New York, New York: These projects would finance station rehabilitation, rail track improvements, and customer information screens. New York City Transit has identified three projects that are currently under development in anticipation of future funding. If Federal funding were made available, each of the projects could be advanced quickly. Total Cost: $680,000,000.

  - Station Rehabilitation: More than two dozen subway stations with deteriorated conditions are in need of rehabilitation to address structural, architectural, and electrical needs and provide improvements to passenger circulation. Cost: $550,000,000.
  - Welded rail: New York City Transit ("NYCT") would replace obsolete rail and plates with new continuous welded rail and resilient fasteners. This investment will reduce rail

breaks and cracks, which in turn will improve safety and reduce service delays. Cost: $30,000,000.

- Public Address/Customer Information Screens: NYCT's current capital program includes funding to implement communications infrastructure at 44 stations and to develop designs for all 87 stations. With additional funding, the remaining 43 stations could be addressed. Cost: $100,000,000.

C. Passenger Rail

With record ridership and revenues in FY 2008, demand is growing across Amtrak's entire system for intercity passenger rail service. The following examples of ready-to-go projects were provided by Amtrak, and are illustrative of how additional Federal funding could be used if it is made available.

➢ Amfleet Rail Car Overhaul: This project would enable Amtrak, to meet increasing passenger demand, to refurbish and return to service all Amfleet I and II rail cars currently in storage. Amtrak currently has a total of 81 Amfleet I and II rail cars in storage. Amfleet I cars are single-level coach and lounge cars manufactured in 1975-1977, for use mainly in short-distance service. Amfleet II cars are similar in design, but were manufactured in 1981-1983, for use mainly in long-distance service. These rail cars are needed to meet increased passenger demand, but must be refurbished before they can be returned to service. This refurbishment work includes new interiors, rebuilt air conditioners, Americans with Disabilities Act ("ADA")-compliant restroom modules, rebuilt air brakes, and rebuilt trucks (wheel assemblies).

Amtrak is in the process of refurbishing and reactivating the Amfleet I coaches, as funding permits. In 2008, a total of five coaches have been refurbished, of which two were wreck-damaged. Amtrak plans to bring an additional 12 Amfleet coaches back into service in 2009 and has already budgeted for this expense. However, if additional capital funds are made available, returning stored cars to service would be Amtrak's highest priority. An additional $85.9 million would permit Amtrak to refurbish all 81 stored vehicles. Cost: $85,900,000.

➢ Other Equipment Overhaul: This project would enable Amtrak to refurbish other Amtrak vehicles and facilities. In addition to the Amfleet vehicles discussed above, Amtrak has a variety of other rail cars and equipment that must be refurbished, but Amtrak lacks the funds to do so. Cost: $58,500,000.

➢ Amtrak Engineering Projects: These projects would enable Amtrak to finance facility improvement projects that are ready-to-go, but lack funding. These projects include:

- ADA Station Upgrades: Amtrak is obligated to make stations accessible and compliant with the Americans with Disabilities Act by July 26, 2010. Although many of the stations that serve the majority of Amtrak's customers offer full or barrier-free access, much work remains at many stations across the country for full compliance. Such work includes improvements to parking, entryways, ticketing, restrooms, boarding platforms, lighting, and signage. Amtrak's progress in meeting the ADA access requirements has been limited in large part because of funding constraints, and the total cost for this program is estimated to be several hundred million dollars for full compliance. Funding will allow Amtrak to proceed with design and construction for select stations with the highest priority. Cost: $25,000,000.

- Emergency Back-up Power Systems for Penn Station, 30th Street Station, and Washington Union Terminal: Currently when local electric utility power failures occur, Penn Station (New York, New York), 30th Street Station (Philadelphia, Pennsylvania), Washington Union Terminal (Washington, DC) have insufficient back-up systems for station concourse and platform lighting, elevators and escalators, HVAC systems, passenger ticketing, signaling and switching operations, dispatching operations, and police and security protection. The project will enable Amtrak to install back-up generators, uninterrupted power supply systems, wiring and automatic disconnect switchgear for all three locations. Cost: $11,000,000.

- 30th Street Station Façade Preservation: 30th Street Station in Philadelphia was built in the early 1930s and is Amtrak's third busiest station. The entire exterior façade of this historical landmark building is constructed of limestone panels which are supported by attachment to brick walls. Over the past 70 years, weather infiltration has caused deterioration and movement of the façade, its attachments, and the brick walls that provide support. To halt further deterioration, prevent damage and safety hazards for Amtrak customers and the general public, and to preserve the integrity of the station building, a phased rehabilitation and repair program needs to be undertaken. Cost: $40,000,000.

- Ivy City Car Shop Roof Replacement: The Ivy City car shop (Washington, DC) was built in 1984 and serves as the primary car repair and maintenance facility for conventional rolling stock at the south end of the Northeast Corridor. The roof of this large building is beyond its useful life and allows water to leak into the interior working areas, equipment, and office space causing advanced deterioration and poor working conditions for employees. This project will enable Amtrak to replace the roof. Cost $5,000,000.

D. Aviation

According to the FAA, if additional Federal funds were made available, the types of AIP projects that are ready-to-go include runway or taxiway rehabilitations, extensions, and widening; obstruction removal; apron construction, expansion or rehabilitation; Airport Rescue and Firefighting equipment and facilities; and airside service or public access roads. Identifying specific projects to receive funding would pre-judge the FAA's discretionary grant decisions. However, according to the FAA, a supplemental appropriation of approximately $600 million, over and above the assumed fiscal year 2009 obligation limitation of $3.5 billion, could be put to immediate use to fund AIP projects that are ready-to-go.

E. Water Quality Infrastructure

While the demand for Clean Water State Revolving Fund ("CWSRF") funds is increasing, appropriations have declined significantly. This has created a pent-up demand in the States for project funding. Needs are driven by new treatment requirements that must be met (e.g., to control nutrients, sewer overflows, stormwater and nonpoint sources). In addition, aging infrastructure must be replaced or repaired. The CWSRF serves communities of all sizes - 75 percent of loans have been made to communities with a population of less than 10,000 and 45 percent of the funds have gone to communities with a population of 100,000 or more.

Additional funds could be put to immediate use in many States, creating much-needed jobs and economic activity. A recent survey by the Council of Infrastructure Financing Authorities and the Association of State and Interstate Water Pollution Control Administrators ("ASIWPCA") identified $9.12 billion in ready-to-go CWSRF projects in 25 States that cannot be funded within existing appropriation levels. In addition, most wastewater treatment utilities have small capital-related projects on the shelf that could be carried very quickly, such as pumps, compressors, bar screens, trucks, security measures, and polishing pond expansions.

Specific examples, provided by ASIWPCA, are discussed below. These are illustrative of the types of projects States could choose to fund if additional Federal funds are apportioned to the State Revolving Funds.

- Village of Cuba, New York: This project improves a wastewater treatment system. The Village of Cuba is served by a sanitary sewer collection system constructed in the 1920s that utilizes mainly vitrified clay tile piping. The collection system is prone to significant amounts of inflow and infiltration during wet weather. Because of these increases in flow, the Village's wastewater treatment plant frequently exceeds its permitted flow discharge, affecting the water quality of Olean Creek, which supplies the City of Olean, New York, with drinking water. Upgrades to the Village wastewater treatment plant will protect the water quality of Olean Creek and achieve acceptable wastewater treatment for the Town and Village of Cuba. These communities have median household incomes ($30,000 - $35,000) that are well below the New York State median household income. Cost: $2,100,000.

- Westchester County, New York: Westchester County is required, by Order of Consent, to make wastewater treatment and disinfection improvements to its treatment facilities. Westchester County proposes Biological Nitrogen Removal ("BNR") projects at four wastewater treatment facilities that discharge into the Long Island Sound Estuary. These projects are required by the Long Island Sound Comprehensive Conservation and Management Plan. Under the Plan, New York must remove 58.5 percent of the effluent nitrogen from each of these facilities to reduce the frequency, intensity and duration of hypoxia in the bottom waters of Long Island Sound. New York State has executed an Order of Consent with the County of Westchester to govern the BNR upgrades for each of these facilities, as well as improvements to their disinfection systems to prevent acute and chronic toxicity in marine water from chlorine. Cost: $103,000,000.

- North Little Rock, Arkansas: This project improves the White Oak Bayou wastewater treatment plant. North Little Rock has experienced considerable population growth and is seeking to upgrade the White Oak Bayou treatment facility to meet demand. The project will involve increasing the level of treatment and capacity at the White Oak Bayou facility and rehabilitation of the collection system. The project will facilitate the extension of service to new customers. Cost: $14,000,000.

- Moore Public Works Authority, Moore, Oklahoma: This project improves the existing wastewater treatment facility. The city's current three-million-gallon-per-day wastewater treatment plant was constructed in 1986. The community has experienced rapid population growth within the last few years. To meet existing and future capacity needs as well as recent changes in discharge permit limits for ammonia as required by the Oklahoma Department of Environmental Quality Consent Order, the city would construct improvements to its existing wastewater treatment plant. The project will replace the Rotating Biological Contractor-type treatment process with a Sequential Batch Reactor process and increase treatment capacity to approximately 9.0 MGD, with 12.0 MGD total build-out capacity at a future date. Cost: $30,000,000.

- Pueblo Wastewater Department, Pueblo, Colorado: This project improves the water reclamation facility. Pueblo's existing water reclamation facility was only designed for basic secondary treatment plus disinfection and dechlorination. The 2008 discharge permit renewal contains effluent ammonia limits and a compliance schedule for meeting the limits. It is anticipated that a total phosphorous standard will be imposed by a 2010 nutrient quality rule. The project will convert the water reclamation facility from the existing trickling filter/solids contact process to a three-state activated sludge system for nitrification, first-state denitrification, and biological phosphorous removal. To construct the new facilities and maintain existing ones, a new site dewatering system will be installed. Cost: $22,200,000.

F. Corps of Engineers

Due to relatively flat funding for the Army Corps of Engineers' ("Corps") over the last 20 years, there has been an ever increasing backlog of important flood control, navigation, and environmental restoration projects. This backlog has caused project schedules to lengthen and costs to increase due to inflation. The current total for the backlog of projects is estimated to be $60 billion.

According to the Corps, $5 billion of additional Corps funding would create 139,000 new jobs. These jobs would include almost 37,000 new, private-sector jobs with an average income for workers in these jobs between $38,000 and $42,500. An additional 102,000 new jobs are estimated to be created in industries supplying the construction and O&M activities and the industries that sell goods and services to these new workers and their families.

Additional funds could be used for the following purposes:

- to substantially reduce the backlog of critical maintenance and repairs at approximately 360 multiple purpose projects, flood control, hydropower, recreation, water supply and navigation projects and upgrade recreation facilities;

- to repair several high-risk dam safety projects;

- to rehabilitate and upgrade hydropower plants to achieve an industry standard of 98 percent plant availability;

- to recapitalize the oldest and most at-risk projects on our inland waterways system;

- to expedite the construction of critical environmental projects, returning critical ecosystems to a more natural state sooner than would otherwise be possible. Projects producing beneficial impacts on more than one million acres could be expedited. Of these outputs, approximately 90 percent are nationally significant and would contribute greatly to long-term environmental sustainability;

- to dredge the nation's 296 highest-use, deep-draft commercial ports to their authorized depths. Approximately 94 percent of the nation's imports and exports are carried through these ports;

- to dredge our inland waterways to authorized depth and width to facilitate the movement of approximately 750 million tons of freight per year, including the majority of the nation's agricultural exports and bulk commodities such as iron ore for domestic steel plants, coal for power plants and fertilizer, and bulk road construction materials; and

- to repair and upgrade critical coastal protection projects that serve as a defense to key population centers.

G. Public Buildings

According to the General Services Administration ("GSA"), if additional Federal funds were made available, the types of projects that would be ready-to-go include major repair and alteration projects to modernize and upgrade aging Federal buildings nationwide and construction of border stations at both the northern and southern borders of the United States. These projects include critical energy conservation and efficiency initiatives, mechanical, electrical, and plumbing upgrades, and life safety and security projects. Investments in energy conservation and efficiency projects in Federal buildings will significantly lower Federal consumption of electricity.

WITNESSES

PANEL I

The Honorable Jon S. Corzine
Governor
State of New Jersey

The Honorable Jerry E. Abramson
Mayor of Louisville, KY
Former President, U.S. Conference of Mayors

Mr. Gary L. Gallegos
Executive Director
San Diego Association of Governments

The Honorable John Engler
Former Governor of Michigan
President and Chief Executive Officer, National Association of Manufacturers

Dr. John Irons
Research and Policy Director
Economic Policy Institute

PANEL II

The Honorable John D. Porcari
Secretary of Transportation
State of Maryland
On Behalf of the American Association of State Highway and Transportation Officials

Dr. Beverly A. Scott
Chair, American Public Transportation Association
General Manager, Metropolitan Atlanta Rapid Transit Authority (MARTA)

The Honorable Judith Enck
Deputy Secretary for the Environment
State of New York

Mr. William R. Decota
Director of Aviation
Port Authority of New York and New Jersey

Mr. William L. Crosbie
Chief Operating Officer
National Railroad Passenger Corporation - AMTRAK

Mr. Andrew Herrmann, P.E.
Senior Partner, Hardesty & Hanover, LLP
Member, Board of Directors, American Society for Civil Engineers

Mr. Thomas C. Kiernan
President
National Parks Conservation Association

PANEL III

Mr. Terence M. O'Sullivan
General President
Laborers' International Union of North America

Mr. Doug Black
Chief Executive Officer
Oldcastle Materials, Inc.

Dr. William R. Buechner
Vice President, Economics and Research
American Road and Transportation Builders Association

Mr. Brian Burgett
President and Chief Executive Officer
Kokosing Construction Co., Fredericktown, OH
On Behalf of the Associated General Contractors of America

Mr. Terry Dillon
President
National Utility Contractors Association
Chief Operations Officer of Atlas Excavating, Inc., West Lafayette, IN

Mr. Peter G. Drakos
President
Coastal Connect LLC, Stamford, CT

Mr. Tom Leyden
Managing Director
SunPower Corporation, Systems
On Behalf of the Solar Energy Industries Association

Additional Infrastructure Investment Funding Provided by H.R. 7110, the Job Creation and Unemployment Act of 2008

Highway and Bridge Investment

State	Total Funding
Alabama	$244,079,051
Alaska	$103,936,177
Arizona	$255,805,535
Arkansas	$161,494,988
California	$1,219,803,804
Colorado	$180,050,950
Connecticut	$170,675,654
Delaware	$52,706,365
District of Columbia	$54,310,321
Florida	$637,506,760
Georgia	$456,134,713
Hawaii	$56,448,561
Idaho	$94,451,058
Illinois	$436,846,619
Indiana	$325,490,477
Iowa	$153,968,663
Kansas	$138,349,956
Kentucky	$199,439,959
Louisiana	$205,257,556
Maine	$60,473,997
Maryland	$208,749,202
Massachusetts	$220,833,506
Michigan	$381,674,348
Minnesota	$208,303,492
Mississippi	$153,959,952
Missouri	$300,187,209
Montana	$121,001,484
Nebraska	$100,420,358
Nevada	$94,958,032
New Hampshire	$59,977,219
New Jersey	$339,214,682
New Mexico	$122,617,856
New York	$590,887,773
North Carolina	$349,877,680
North Dakota	$84,823,555
Ohio	$451,853,828
Oklahoma	$202,457,379
Oregon	$152,357,753
Pennsylvania	$547,005,569
Rhode Island	$67,289,397
South Carolina	$209,274,183
South Dakota	$86,651,396
Tennessee	$267,388,539
Texas	$1,055,707,098
Utah	$96,523,460
Vermont	$56,491,460
Virginia	$325,140,335
Washington	$230,944,035
West Virginia	$106,182,633
Wisconsin	$245,873,132
Wyoming	$86,890,314
American Samoa	$1,686,862
Guam	$8,434,312
Northern Marianas	$1,686,862
Puerto Rico	$47,009,629
Virgin Islands	$8,434,312
Total	**$12,800,000,000**

*Prepared by the Committee on Transportation and Infrastructure staff based on technical assistance provided by the Federal Highway Administration

Additional Infrastructure Investment Funding Provided by H.R. 7110, the Job Creation and Unemployment Act of 2008

Transit Capital Investment

State	Urban Formula	Rural Formula	Total Funding
Alabama	$14,690,408	$9,276,694	$23,967,102
Alaska	$19,566,214	$4,723,536	$24,289,750
Arizona	$48,063,115	$6,695,588	$54,758,703
Arkansas	$7,335,535	$7,098,155	$14,433,690
California	$559,981,363	$15,991,442	$575,972,805
Colorado	$48,001,157	$6,025,513	$54,026,670
Connecticut	$38,899,446	$1,870,636	$40,770,082
Delaware	$6,148,995	$855,047	$7,004,042
District of Columbia	$66,319,586	$0	$66,319,586
Florida	$165,249,727	$9,272,175	$174,521,902
Georgia	$62,761,256	$11,568,073	$74,329,329
Hawaii	$23,759,124	$1,361,624	$25,120,748
Idaho	$5,279,039	$4,247,355	$9,526,394
Illinois	$205,453,032	$9,922,772	$215,375,804
Indiana	$32,647,415	$9,428,310	$42,075,725
Iowa	$11,959,772	$7,189,618	$19,149,390
Kansas	$9,167,689	$6,761,478	$15,929,167
Kentucky	$17,284,703	$8,920,702	$26,205,405
Louisiana	$27,755,478	$7,261,529	$35,017,007
Maine	$2,885,773	$3,845,063	$6,730,836
Maryland	$66,692,302	$3,415,471	$70,107,773
Massachusetts	$112,286,562	$2,423,978	$114,710,540
Michigan	$61,763,612	$12,136,500	$73,900,112
Minnesota	$42,311,164	$8,983,964	$51,295,128
Mississippi	$4,566,128	$8,106,468	$12,672,596
Missouri	$34,768,503	$9,718,556	$44,487,059
Montana	$2,433,177	$5,723,928	$8,157,105
Nebraska	$7,516,083	$4,797,629	$12,313,712
Nevada	$23,755,834	$3,724,631	$27,480,465
New Hampshire	$4,382,927	$2,410,529	$6,793,456
New Jersey	$201,095,181	$2,241,913	$203,337,094
New Mexico	$8,663,895	$6,050,972	$14,714,867
New York	$502,626,325	$12,248,503	$514,874,828
North Carolina	$39,068,312	$14,930,223	$53,998,535
North Dakota	$2,880,669	$3,016,938	$5,897,607
Ohio	$79,363,647	$13,931,404	$93,295,051
Oklahoma	$12,166,358	$7,999,056	$20,165,414
Oregon	$34,960,935	$6,993,486	$41,954,421
Pennsylvania	$135,622,447	$14,109,630	$149,732,077
Rhode Island	$9,791,463	$403,303	$10,194,766
South Carolina	$13,295,677	$7,585,159	$20,880,836
South Dakota	$2,213,278	$3,665,645	$5,878,923
Tennessee	$26,726,149	$9,732,396	$36,458,545
Texas	$180,354,672	$23,081,315	$203,435,987
Utah	$28,870,957	$3,565,665	$32,436,622
Vermont	$983,812	$1,845,420	$2,829,232
Virginia	$770,582	$8,533,064	$9,303,646
Washington	$91,444,038	$6,708,450	$98,152,488
West Virginia	$4,664,981	$4,744,294	$9,409,275
Wisconsin	$35,098,250	$9,417,567	$44,515,817
Wyoming	$1,302,316	$3,568,683	$4,870,999
American Samoa	$0	$186,167	$186,167
Guam	$0	$503,201	$503,201
Northern Marianas	$637,164	$28,659	$665,823
Puerto Rico	$41,554,175	$1,151,923	$42,706,098
Virgin Islands	$52,159,598	$0	$52,159,598
Total	**$3,240,000,000**	**$360,000,000**	**$3,600,000,000**

*Prepared by the Committee on Transportation and Infrastructure staff based on technical assistance provided by the Federal Transit Administration.

Additional Infrastructure Investment Funding Provided by H.R. 7110, the Job Creation and Unemployment Act of 2008

Transit Energy Investment

State	Urban Formula	Rural Formula	Total Funding
Alabama	$3,627,261	$5,153,719	$8,780,980
Alaska	$4,831,164	$2,624,186	$7,455,350
Arizona	$11,867,436	$3,719,771	$15,587,207
Arkansas	$1,811,243	$3,943,419	$5,754,662
California	$138,267,003	$8,884,135	$147,151,138
Colorado	$11,852,137	$3,347,507	$15,199,644
Connecticut	$9,604,801	$1,039,242	$10,644,043
Delaware	$1,518,270	$475,026	$1,993,296
District of Columbia	$16,375,206	$0	$16,375,206
Florida	$40,802,402	$5,151,208	$45,953,610
Georgia	$15,496,606	$6,426,707	$21,923,313
Hawaii	$5,866,450	$756,458	$6,622,908
Idaho	$1,303,466	$2,359,642	$3,663,108
Illinois	$50,729,144	$5,512,651	$56,241,795
Indiana	$8,061,090	$5,237,950	$13,299,040
Iowa	$2,953,030	$3,994,232	$6,947,262
Kansas	$2,263,627	$3,756,376	$6,020,003
Kentucky	$4,267,828	$4,955,946	$9,223,774
Louisiana	$6,853,204	$4,034,183	$10,887,387
Maine	$712,537	$2,136,146	$2,848,683
Maryland	$16,467,235	$1,897,484	$18,364,719
Massachusetts	$27,725,077	$1,346,655	$29,071,732
Michigan	$15,250,275	$6,742,500	$21,992,775
Minnesota	$10,447,201	$4,991,091	$15,438,292
Mississippi	$1,127,439	$4,503,593	$5,631,032
Missouri	$8,584,816	$5,399,198	$13,984,014
Montana	$600,784	$3,179,960	$3,780,744
Nebraska	$1,855,823	$2,665,349	$4,521,172
Nevada	$5,865,638	$2,069,239	$7,934,877
New Hampshire	$1,082,204	$1,339,183	$2,421,387
New Jersey	$49,653,131	$1,245,507	$50,898,638
New Mexico	$2,139,233	$3,361,651	$5,500,884
New York	$124,105,270	$6,804,724	$130,909,994
North Carolina	$9,646,497	$8,294,568	$17,941,065
North Dakota	$711,276	$1,676,077	$2,387,353
Ohio	$19,595,962	$7,739,669	$27,335,631
Oklahoma	$3,004,039	$4,443,920	$7,447,959
Oregon	$8,632,330	$3,885,270	$12,517,600
Pennsylvania	$33,487,024	$7,838,683	$41,325,707
Rhode Island	$2,417,645	$224,057	$2,641,702
South Carolina	$3,282,883	$4,213,977	$7,496,860
South Dakota	$546,488	$2,036,469	$2,582,957
Tennessee	$6,599,049	$5,406,887	$12,005,936
Texas	$44,532,018	$12,822,956	$57,354,974
Utah	$7,128,631	$1,980,925	$9,109,556
Vermont	$242,917	$1,025,233	$1,268,150
Virginia	$12,878,913	$4,740,591	$17,619,504
Washington	$22,578,775	$3,726,917	$26,305,692
West Virginia	$1,151,847	$2,635,719	$3,787,566
Wisconsin	$8,666,234	$5,231,981	$13,898,215
Wyoming	$321,560	$1,982,602	$2,304,162
American Samoa	$0	$103,426	$103,426
Guam	$0	$279,556	$279,556
Northern Marianas	$157,324	$15,922	$173,246
Puerto Rico	$10,260,290	$639,957	$10,900,247
Virgin Islands	$190,267	$0	$190,267
Total	**$800,000,000**	**$200,000,000**	**$1,000,000,000**

*Prepared by the Committee on Transportation and Infrastructure staff based on technical assistance provided by the Federal Transit Administration.

Additional Infrastructure Investment Funding Provided by H.R. 7110, the Job Creation and Unemployment Act of 2008

Clean Water State Revolving Fund Investment

State	Total Funding
Alabama	$71,776,891
Alaska	$38,417,497
Arizona	$43,355,169
Arkansas	$41,992,397
California	$459,076,729
Colorado	$51,341,648
Connecticut	$78,635,121
Delaware	$31,514,898
District of Columbia	$31,514,898
Florida	$216,668,091
Georgia	$108,527,369
Hawaii	$49,712,659
Idaho	$31,514,898
Illinois	$290,302,155
Indiana	$154,696,821
Iowa	$86,875,138
Kansas	$57,940,000
Kentucky	$81,696,604
Louisiana	$70,559,904
Maine	$49,687,306
Maryland	$155,241,930
Massachusetts	$217,935,786
Michigan	$275,996,217
Minnesota	$117,978,035
Mississippi	$57,832,246
Missouri	$177,940,009
Montana	$31,514,898
Nebraska	$32,833,301
Nevada	$31,514,898
New Hampshire	$64,145,367
New Jersey	$262,305,111
New Mexico	$31,514,898
New York	$708,495,720
North Carolina	$115,848,308
North Dakota	$31,514,898
Ohio	$361,356,460
Oklahoma	$51,861,402
Oregon	$72,512,154
Pennsylvania	$254,261,586
Rhode Island	$43,101,630
South Carolina	$65,755,340
South Dakota	$31,514,898
Tennessee	$93,245,306
Texas	$293,382,654
Utah	$33,822,103
Vermont	$31,514,898
Virginia	$131,364,894
Washington	$111,626,883
West Virginia	$100,065,505
Wisconsin	$173,528,430
Wyoming	$31,514,898
American Samoa	$5,761,674
Guam	$4,170,717
Northern Marianas	$2,674,836
Puerto Rico	$83,718,578
Virgin Islands	$3,346,715
Indian Tribes	$96,525,000
Total	**$6,500,000,000**

*Prepared by the Committee on Transportation and Infrastructure staff.

Results of AASHTO Survey of Ready-to-Go Highway & Bridge Projects

(With 47 State DOTs Reporting)

State	Number of Projects	Dollar Value (in Millions)
Alabama	128	$671.1
Alaska	7	$92.6
Arizona	39	$790.0
Arkansas	107	$728.3
California	28	$800.0
Colorado	52	$395.1
Connecticut	20	$728.5
DC	1	$50.0
Delaware		
Florida	5	$675.0
Georgia	32	$397.3
Hawaii	6	$42.0
Idaho	11	$174.8
Illinois	212	$831.4
Indiana		
Iowa	40	$152.0
Kansas	126	$68.0
Kentucky	4	$200.0
Louisiana	208	$351.4
Maine	15	$94.1
Maryland	32	$94.6
Massachusetts	59	$181.5
Michigan	43	$257.0
Minnesota	30	$217.8
Mississippi	33	$176.2
Missouri	127	$546.6
Montana	70	$116.0
Nebraska	5	$20.0
Nevada	4	$120.0
New Hampshire	11	$81.3
New Jersey	7	$50.8
New Mexico	77	$1,400.0
New York	40	$200.0
North Carolina	44	$231.4
North Dakota	90	$71.0
Ohio	114	$299.3
Oklahoma	73	$146.4
Oregon	50	$251.2
Pennsylvania	524	$1,300.0
Rhode Island	41	$102.0
South Carolina	58	$510.0
South Dakota	142	$181.0
Tennessee	74	$184.1
Texas	44	$1,800.0
Utah	84	$425.1
Vermont	11	$62.6
Virginia	1	$101.9
Washington		
West Virginia	67	$1,200.0
Wisconsin	20	$35.0
Wyoming	55	$287 2
Total	3071	$17,891.6

INVESTING IN INFRASTRUCTURE: THE ROAD TO RECOVERY

Wednesday, October 29, 2008

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

The Committee met, pursuant to call, at 9:35 a.m., in Room 2167, Rayburn House Office Building, Hon. James Oberstar [Chairman of the Committee] presiding.

Mr. OBERSTAR. The Committee on Transportation and Infrastructure will come to order.

I am delighted to see so many participants in today's hearing, both witnesses and Members, who are having great difficulty getting here on our congested transportation systems, including our Ranking Member who was delayed en route. It is usually me, but Members are unaccustomed to starting at 9:30 in the morning. But this is a very popular subject, a very critical issue, one that has attracted a great many, a wide spectrum of interests, and so we thought we had to start early.

Today the hearing will highlight the role of infrastructure investment as a critical factor in restoring the Nation's economic health, like creating jobs—real jobs—real jobs in our economy. Nearly a million construction workers are on the bench. The construction industry is suffering the highest unemployment rate, 9.9 percent, of any industrial sector, and construction firms are operating on the margin or worse.

Those alone are three compelling reasons for decisive action to invest in America, rebuild our economy, put Americans back to work. Going back to the Works Progress Administration of the Great Depression; the Accelerated Public Works Act of 1962, which President Kennedy wanted but did not ask Congress for, but Congress delivered it to him; and the Local Public Works Capital Development and Investment Act of 1976, initiated in this Committee, we have turned consistently in times of severe national recession to investment in the public infrastructure of the Nation to create and sustain jobs in difficult times. And we have to do that again, and we will.

In September, the House overwhelmingly passed the Job Creation and Unemployment Relief Act of 2008, $61 billion to restore the economy, $30 billion for highway, bridge, public transit, Amtrak, airport, wastewater, Corps of Engineers, infrastructure investment projects, all within the jurisdiction of this Committee. Those funds were to be distributed through existing statutory formulas or administrative competitive selection processes. And the bill had no earmarks, no Member high-priority projects, no designations allowed for either the executive branch at the Federal level or the State level.

Unfortunately, the White House threatened a veto, Senate Republicans stalled, and the bill died just before the September adjournment. But had the White House chosen to partner with us, construction workers would have been looking forward to real jobs this December.

The need for real jobs since then has only become more acute. This Congress will not lament the Nation's economic downturn from the sidelines. This Committee will not stand idly by and watch things continue to go downhill. We have, within our jurisdiction, within our authority, capacity to revive this economy, to put people back to work, to stimulate the industrial sector.

And we know specifically in this Committee, that infrastructure investment creates family-wage construction jobs and spin-off benefits that radiate throughout the economy. Those construction jobs, furthermore, cannot be outsourced to any other country. You don't build a road in front of your house with a call center in Bangalore. Those transit systems, those bridges, those highways, those rail systems, our airports, our waterways, our wastewater treatment facilities are here in our towns, in our cities, our metro areas, our rural communities.

But in addition to the onsite construction jobs, there are all the other supporting—the cast of supporting jobs in our economy, those who produce the aggregates. We will hear today from the sand and gravel aggregate association, 40 percent unemployment, closing in on 50 percent unemployment, in that sector and businesses on the edge of bankruptcy. Some that already have; three in my district that have already closed.

The cement sector, that is a vital underpinning in all of our construction sector. Steel, the most versatile building material in the industrial era, is down. In fact just yesterday, two iron ore mines in my district announced that they are cutting back. They are shutting down two production lines producing the taconite pellets that fuel the steel industry, because demand for steel is down. China and India were driving the hunger in the steel sector, but even their continuing force cannot sustain steel production, so we are seeing a downturn.

The construction sector requires equipment. Equipment manufacturers have been cutting back. I have heard from them over the last several months.

Funding for transit agencies, funding for Amtrak to buy rolling stock will generate U.S. jobs. Virginia Railway Express tells us that, if funding were available, they would immediately exercise options under a contract with MotivePower to buy 15 commuter rail locomotives, and that will help VRE meet its demand as people shift from car to rail for their commute. But it is not helping only northern Virginia. Buying those rail cars in northern Virginia helps Boise, Idaho, because that is where MotivePower manufactures those locomotives.

The Muncie Indiana Transit System says that, if additional funding were available, they would exercise options under a contract with Gillig Corporation to buy four hybrid electric buses. Well, that will help Muncie, but it will also help Hayward, California, because that is where the buses are built.

At New Flyer, a bus manufacturer in St. Cloud in our State of Minnesota, they are producing 23 buses a week. They could have a 50 percent increase in production and about a 25 percent increase in jobs if they had other orders coming in that they are capable of filling.

So these infrastructure investments will put construction workers back on their jobs, but they also improve our deteriorating infrastructure.

With the level of investment we are doing today, we are falling further and further behind, as the National Commission of Transportation Policy and Revenue reported. That has impacts on economic growth. It adversely affects our quality of life. It has effects on safety.

Various economists, however, over many years—I have been in this room for a lot of years, 44, 45 going on, in fact. I started here as clerk on the Subcommittee on Rivers and Harbors. And I have heard the same tired, old arguments: ″Oh, they are too slow. These infrastructure projects take too long to get going.″ And then, when the recession is over, they tell me, and they tell us, year after year, ″Those people are still working.″ Well, my God, isn't that a bad thing? How awful. The trouble with those economists is that they have never had their hands on a number-two shovel. They have never had a callus on their hands among them.

So we have had the experience of moving people to work with projects and the authority under our jurisdiction, and we know that we can put people to work on projects that are ready to go, designed, engineered, right-of-way acquired, EIS completed, all they need is the money. They can be under construction in 90 to 120 days, 120 days in the northern part of the country because we are starting so slowly. Snow has already fallen in my backyard in Chisolm yesterday. I got out just in time, although I am coming back with a shovel.

In January of this year, AASHTO surveyed its members and identified 3,071 ready-to-go highway and bridge projects, with a total cost of $17.9 billion, that could be under construction in 90 to 120 days. Public transportation agencies, APTA, surveyed their members and identified nearly 560 ready-to-go transit projects, with a total investment cost of $8 billion. And the Council of Infrastructure Financing Authorities and the State and Interstate Water Pollution Control Administrators identified $9 billion-plus of ready-to-go State revolving loan projects. But they can't fund them because they don't have the money.

So there is a backlog, there is a demand, there is a hunger, there is a need to invest. Our cities are crying out. Our cities are the front line of congestion, front line of the economic downturn in this country, and cities are the first ones to feel it. States are next.

Governor Corzine, thank you for being here. And so we are delighted that you have come here to share with us.

And I just want to close with some observations by Mayor Daley. He spoke to the American Road and Transportation Builders conference in Chicago last week. He said, ″Chicago, like other cities, is facing declining revenues, slow growth, and increased demand for services. Every level of government in this country is facing the same. But over the years, with decline of funding from State and Federal Government for capital projects, I have been committed in our city to building what we need to do to keep the city moving forward: $900 million in our neighborhoods, $1.5 billion to reimburse development projects through the TIF program, the O'Hare Modernization Program.″

″And I will tell you,″ says Mayor Daley, ″that whoever is the next President of the United States needs to address what has been an inadequate level of Federal investment into our infrastructure, including roads, bridges, highways, water systems, public transit, and school construction. We need to substantially increase Federal funding in these projects in order to help cities maintain and rebuild infrastructure, create jobs, and stimulate the economy.″

I tried to get the mayor to come out here and speak to our hearing today. He said, just read my statement. So I just did. And he said, ″When we reduce rail and driver congestion, we improve passenger rail service, we enhance public safety, we improve air quality, we reduce noise, and we generate economic development.″ That is what this hearing is all about.

We are not going to, as I said, stand on the sidelines and bemoan the conditions. We are here to do something substantive for this country, and we will. After this hearing is concluded, our Committee staff on both sides will meet again, as we did just in September just before recess, and assemble the elements for a bill to be introduced, to be considered when the House reconvenes November 17th.

I want to thank my good friend, Mr. Mica, John Mica, our Ranking Member on the Committee, for the partnership that we have had in reviving and revitalizing Amtrak, one of the great successes of this Congress, something that we can all look forward to and that will, in its own, not only produce jobs, reduce congestion, but move America forward.

Thank you, Mr. Mica.

Mr. MICA. Well, thank you.

And I have to start out first with a couple points of personal privilege. And one deals with the working relationship, the bipartisan working relationship I think could be an example for everybody in Congress that I have shared with Mr. Oberstar. From the very first day he took the gavel, we sat down and set priorities.

We are batting 1,000, Jim. I can't tell you how proud I am of you and what we have been able to do together. The water resources bill, although you finked out on me, you went to the hospital, left me on the floor, and I had to go to the floor and pass the—I never realized this, by the way, it was the 107th veto override in the history of the Congress. But we did it together, because we are committed to build the Nation's infrastructure. That was on water resources.

In all the fog of the election, everyone lost sight that the President signed—and you heard the Chairman refer to it—the first rail passenger authorization in 11 years. Of course, we beat—our record was 7 years for a water resources measure, but in 11 years. We put reforms, as he said, in there for Amtrak. We opened the door to high-speed rail in New Jersey, the whole Northeast Corridor, 11 corridors across the United States. And we have a whole host of provisions in there—safety for passengers, to try to make sure we don't have another California.

But I can't personally thank you enough at the conclusion of this. And I look forward to working with you, as we tackle the biggest transportation highway infrastructure measure. And we are both committed to make that come in on time, and we will figure out the budget together. But thank you, again.

I just also want to take one moment. In the campaign season, sometimes things that happen—and I just have to mention this. And it does, in a way, relate to transportation. But last Saturday night in my district, we lost an absolutely beautiful, wonderful, young lady. Her name was Clare Skinner. Today, actually in just a few minutes, they are going to have a service in Deland, Florida, for her. She was killed in an automobile accident. She was leaving a campaign office. She was a graduate of the University of North Florida and had volunteered on the McCain campaign, was leaving later in the evening, and was killed just north of St. Augustine, Florida. I visited with her family yesterday, and my heart and soul is with them today.

And, you know, I was thinking about this, Mr. Chairman. I asked the staff, they said since 2001 about 280,000 people have lost their lives in automobile accidents. And that is something we really need to concentrate on, a component of our next bill, in memory of Clare and all the other families that have had that horrible news. I can't even imagine what they have experienced.

But today my heart, my soul, my prayers are with the Skinner family at this most difficult time. And I think we will remember Clare as we look at some of the safety measures and other things that we can incorporate into new legislation.

Mr. OBERSTAR. I will join with you in offering my prayers for her and for her family.

Mr. MICA. Thank you.

And I do also want to thank you for the manner in which you have conducted this. I know you got a call from the Speaker, and she said she wanted our input on our measure and asked me to join with you, and we are here. We can't get everyone here. I think we got 18 witnesses. We will all probably have hemorrhoids by the time this one is over.

[Laughter.]

But I did have some that we couldn't get in, Mr. Chairman. And I would ask unanimous consent—these are statements. We start out with aerospace industry, Airports Council, it goes on and on, air transport, right down to the trails folks. But, if we could, I——

Mr. OBERSTAR. Without objection, all testimony we receive will be included in the hearing record.

Mr. OBERSTAR. I thought it was All-Bran, also, for hemorrhoids.

Mr. MICA. All-Bran? Okay, you recommend that. We will put that in the next stimulus package, too.

But the other thing—well, this is a very important hearing. And we do have people that are hurting. We need to move the economy forward, and we have to create jobs. I think sometimes it is not always how much money you spend, it is also how you spend it. And we want to do that in a responsible fashion.

I told a group of local leaders yesterday, you know, that you can tell the difference—we were talking about earmarks, and some of this bill will be earmarks and projects—but you can tell the difference between a bad earmark and a good earmark. A bad earmark is sort of looking at pornography. It is hard to define it in sort of legal terms, but you know what it is when you see it. And we don't want bad earmarks as part of this stimulus package, and particularly coming from the T&I Committee.

Mr. Oberstar and I, I think we have a pretty firm agreement in not larding this bill down with a whole host of pork projects. I think we are both committed to making certain that, in fact, the measures that are approved would be projects that have been vetted, that have been approved at various levels, that aren't airdropped in unexpectedly at the last minute. So I think we have a pretty good firm commitment on that, and we don't want this to become a vehicle for everyone to be putting another ornament on a Christmas tree in the coming holiday season.

But we do know that every billion dollars in spending on infrastructure, on highway and transportation expenditures does result in 35,000 new jobs. And I think that people out there that I have talked to—I have been on the campaign trail, like many of you—they would prefer a paycheck rather than an unemployment check. And we could do it.

There are some innovative things that are pending, too. I have tried to get one of our colleagues here today, Thelma Drake, who is on the Committee. And it is amazing, you know, sometimes you think you know quite a bit. I have been on the Committee for 16 years; you have been on twice as long almost, Mr. Chairman. But Thelma Drake took me down to Norfolk, Virginia. And we discussed maritime highways, cost-effective ways of moving goods in the United States. Thelma Drake showed me the Heartland Corridor project. It goes not only from her district in Norfolk, but all the way to Columbus, Ohio. Ohio certainly would need that help.

But building the infrastructure in a coherent fashion is so important. It is also important that we have an energy component. You spoke a bit about that. I mean, you are starting to sound like a Republican here. I got some of the things that we want to do. And one is to create jobs through energy-effective measures. And nothing could be more effective than, again, moving goods in a fuel-efficient, energy-efficient, environmentally efficient manner.

There are two things, Mr. Chairman, that I want to mention that are not within our reach but have come to my attention, and maybe we can work with the other Committees.

One, I have gone back and I have heard some of the governments are having trouble, because of the financing meltdown, in obtaining financing for these projects. So we need to talk to the other Committees of jurisdiction, and maybe we could do a joint letter or something, to get them to help us make certain that, if we do a package, that we can help other States. It is nice for us to stay we are going to do this project or that, but if they can't get the financing or they can't move the project or they are stuck, then they don't go forward. So I think that that is something, in a bipartisan manner, we can do.

And one of the things on our side of the aisle that we want to do is provide some tax relief for American businesses to create jobs. And that deals with section 179 that allows businesses to expense equipment. And that will really start the wheels in motion. We have seen some of that in the past.

Those things are not in our jurisdiction, but I hope that you and others would lobby, me, for them.

So, we are the largest Committee in the Congress, and sometimes, you know, everybody else is out there campaigning; this falls to us to kind of get the job done. I think people are counting on us on move the economy, job creation forward.

And the great thing is, when you go back out there—Mr. Oberstar and I have been here quite a bit, trying to keep the Committee and the Subcommittees and our legislation; and we have been the most productive Committee in Congress, bar any—but you do see the greatness of this country, and anything is possible. If government sometimes works as a partner, not as an obstacle, and properly works with the private sector, all things are possible in this country.

So I look forward to you, in a difficult time, moving forward a positive package. And thank you again.

Yield back.

Mr. OBERSTAR. Thank you very much. I greatly appreciate those comments and your suggestions about tax relief for business. Going back to John F. Kennedy, investment tax credit has helped to stimulate the economy. The rail industry is looking for such relief. And that is something we could partner on.

I want to thank, again, Members for coming long distances to participate in today's hearing. You come from the Pacific Northwest, from California, from Iowa, and even from a long journey, probably in time, across the District of Columbia.

Mr. DeFazio?

Mr. DEFAZIO. I thank you, Mr. Chairman. I will try to be brief.

I just think what we are talking about here today is the potential to make a major change in direction for the country. And that is to begin to practice what I would call trickle-up economics, as opposed to trickle-down.

I was one who didn't vote for the bailout. And I think throwing that money at the top at Wall Street hasn't done a whole heck of a lot of good for the underlying economy. And I think the stock market reflects that.

What we really need to do is get back to basics. We need to put people back to work. We need to rebuild our infrastructure so we are not detouring trucks, as in my State, over the Cascade Mountains—they head south to California; we are not seeing bridges collapse, as in your State, Mr. Chairman, and elsewhere. We have long-neglected our infrastructure.

These are jobs that can't be exported. They are jobs that will be constructed with American goods, American labor. They will spill over into supporting small businesses, local communities. They will make the United States of America more efficient in terms of just-in-time delivery and its economic competitiveness around the world; improve our public health, if we are dealing with water and sewer systems. And if we are dealing with transit, they will help us resolve our issues in terms of dependence on foreign oil.

As you documented, and I won't go back over it again, there are billions of dollars of projects ready to go. I am tired of hearing from the pointy-head economists who say, oh, these infrastructure projects take too long. Well, even if they did take too long, they are investments we need to make. And, secondly, there are some economists now, including a recent Nobel laureate, who said, actually this recession is probably going to be so long and so deep, that argument won't hold sway anymore; that we are going to need this investment, we are going to need jobs 6 months from today as much or more than we do today.

So hopefully we will not be yet deterred as a Congress into giving back more tax benefits for people to either, you know, save—that is very meritorious—to pay down credit card bills—that is good because we are overindebted—or to buy junk made in China, which puts the Chinese back to work, which doesn't help our economy a whole heck of a lot.

So direct investment in our infrastructure would be of much more benefit to the Nation today and for many years to come.

Thank you, Mr. Chairman.

Mr. OBERSTAR. I thank the gentleman.

Ms. Miller, thank you very much for coming all the way back from the neighboring State of Michigan.

Mrs. MILLER OF MICHIGAN. Thank you very much, Mr. Chairman. Let me just say how delighted am to be here, and I certainly appreciate your calling this hearing. I think it is incredibly important.

It is no secret that my great State of Michigan is probably the most economically challenged State in the entire Nation. As it is often said, the Nation gets a cold and Michigan gets pneumonia. And we have some unbelievable challenges right now.

But I am a firm believer that the economics throughout history, quite frankly, has always followed the transportation grid. I don't care if that was wagon trains back in the early part our Nation or the railroads, the interstates, the aviation links, et cetera. And so I think if the Congress does have an economic stimulus package, that focusing on transportation needs is an incredibly critical component of how we do put people back to work.

And I think it is very important, as we look at projects that really are ready, that have been vetted, as has been mentioned—when you called this hearing, I have five counties that I represent, I called all five of my county road commissions just to see how many projects they thought could happen rather immediately. And there are certainly many, many of them. And I know that is not inherent to my counties; that is throughout the entire Nation. And it is very important that we do put people back to work.

And I also wanted to make mention and welcome one of the greatest Governors that Michigan ever had, Governor John Engler, who now is with the National Association of Manufacturers. I am appreciative of him being here today. And when he was the Governor of our State, he did a number of things to help build our transportation grid, build Michigan 1 and build Michigan 2, where for a very conservative Republican, he recognized how important it was for the State to take on bond indebtedness and look for the match so that we could advantage our State of Federal transportation dollars. And that, I think, commitment obviously will be demonstrated again today.

But I am delighted to work shoulder to shoulder with you, Mr. Chairman, and our Ranking Member and everybody on this Committee as the Congress does move forward, hopefully, for an economic stimulus package, which is very, very important, that a large part of it is transportation. It does put people back to work; it is a jobs program. It keeps us competitive in the global marketplace, and we see what is happening in China and India, et cetera. It is very important for us to do this.

And, at the end of the day, as you say, people continue to work. It feeds on itself. It is a wonderful synergy there. And we have something to show for the dollars that we have expended that help as a component, again, for economic stimulus going forward.

Thank you very much.

Mr. OBERSTAR. Thank you. I appreciate those comments and your words about Governor Engler. We remember very well in Minnesota, when we were struggling with Jesse Ventura, how Michigan leaped ahead.

In order of seniority, Ms. Norton.

Ms. NORTON. Thank you very much, Mr. Chairman. I know you know how much I appreciate this hearing, because I have been pressing for an economic recovery package for some time, as you have, Mr. Chairman.

I certainly do believe that we had to do some kind of bailout for the top of the economy, for the frozen credit markets and financial institutions. But I believe that the anger of the American people came from seeing a bailout at the top of the economy while the real economy was left struggling. And, at that time, I thought we would have been much better off if we had done the economic recovery simultaneously.

Actually, the House tried, because before we left we did get an economic recovery package of some kind out. Of course, it failed in the so-called other body. Now we are back, and we are going to have to do an even bigger one, because the longer you wait, the more you have to pump in quickly.

Now, the motto of this Committee has long been "Jobs, baby, jobs," if you will forgive me, because when the transportation and infrastructure programs create jobs, they will have the most beneficial effect on a flailing economy, because T&I ripples through the rest of the economy and wakes up other sectors. Pure and simple, that is the history of T&I. As Chair of the Subcommittee responsible for Federal real estate and development, I know firsthand the beneficial effect Federal construction can have on employment and overall economic development throughout the United States.

In the 106th Congress, for example, in a bipartisan bill in this Congress, we passed the Federal Center Public-Private Development Act. And this was a very short piece of legislation. It has transformed a part of Southeast Washington, the Federal development along M Street, brought in the private sector with new office buildings, hotels, housing, and the neighborhood gym, the Nationals Baseball Stadium.

Now, the GSA owns 196 million square feet of space and leases an additional 150 million square feet throughout the United States. Well, you can't lease if people aren't building. And we lease much more than we buy. This scale of ownership and leasing makes the GSA the most important factor in the commercial real estate market.

When the economic recovery and jobs bill is enacted, GSA, I want to assure you, Mr. Chairman, is ready to commit within 90 to 120 days several nationwide contracts for major repair and alteration projects and energy conservation and alternative energy projects with a value of approximately $1.5 billion. GSA is also prepared to infuse an additional $500 million into the economy with contracts for Federal construction.

Two other entities close to home, Mr. Chairman, with significant real estate needs are the Smithsonian Institution and the Architect of the Capitol. Both entities are posed to commit contracting funds within 90 to 120 days after enactment of the economic recovery and jobs bill. The Smithsonian has identified the Arts and Industries Building and repairs at the National Zoo as pressing needs. The Office of the Architect of the Capitol is also ready to immediately commit $22 million for construction projects grounded in energy savings and energy conservation.

And if I may say so, Mr. Chairman, if the Federal Government starts up this alternative energy sector by indicating that we are prepared to put our big foot in there and invest, then you will see the prices go down and you will see others more rapidly use energy alternatives and conservation.

The Federal entities, Mr. Chairman, are ready and eager to participate in the economic recovery, and along with Federal leasing and construction to stimulate the private sector which we know stands ready to continue if there is the kind of stimulus that would get private-sector development moving again.

Thank you very much for this hearing, Mr. Chairman.

Mr. OBERSTAR. Thank you for that compilation, which I think is very important, extremely important for us to understand. It is a good point of departure.

Mr. Boswell?

Mr. BOSWELL. Thank you, Mr. Chairman. I will be very short.

I would associate myself with what you said earlier, and other Members, the few with us. Something that you and I have discussed at some length over the last several months is, you know, stimulus, you know, we are better than roads and infrastructure, so we have to do it any way. We have to do it. It must be done.

And much has been said, and I will just echo, it is good-paying jobs that can't be exported. A dollar spent in the community and all of your communities is going to turn at least three times, maybe seven. That is stimulus. And we have to do it anyway. So it is very, very important.

It might be the time—I was thinking about the Ranking Member's statement about what else we could do in this—to do the laboratory investigation on how to make these roads last longer. It might be time to think about that, or at least start it.

And lastly, I would like to ask those of you from your extensive background, we are going to have to fund—this is not the purpose of this hearing, but it is on the table, it is coming—how are we going to raise the revenues to keep up with our transportation infrastructure. We have to do that. And just doing it like we have been doing it is not going to work. And it is going to be a heavy lift, a big decision, but I think those of you that are Governors and mayors and involved so much, with all the background you have and information at your fingertips, that you have to participate. And we might as well be prepared. And if you want to make some comment today, we would probably welcome that. But we are here to try to stimulate the economy, which we must do, we must do.

So, Mr. Chairman, I thank you for calling this. I will have to be out for an hour because of another commitment, but I will be here until then, and I will be back for the rest of the time. Extremely important. Thank you for making sure this is happening. Thank you very much.

Mr. OBERSTAR. I appreciate your coming from Iowa. And, you know, from University of Iowa, ITS Service, that they are engaged in work on pavement longevity.

Mrs. Napolitano, thank you for participating, from California.

Mrs. NAPOLITANO. No, sir, thank you. And I am very, very happy to be here even though I haven't been to bed yet. I took the redeye to be here with you and the rest of the Committee.

This is a much-needed critical recovery plan for America. I won't reiterate what everybody else has been saying over the good-paying jobs, over the reduction of congestion and addressing some of the other things that are really quite critical to our communities.

I also did meet with some of my leaders. In fact, yesterday I was in Sacramento talking to the—can't even think of his title—Mr. Garamendi, in regard to some of the issues we were talking about in the paper. And not only are they interested in transportation, but also with some of the implications of water and what it can mean for California and some of the other areas that are close to us.

My home, of course, in southern California is—we deal with 20 percent of Nation's cargo, roughly. And that creates a lot of environmental safety, economic issues. And so, yes, we would be more than happy to provide some of these ready-to-go projects that have really been hanging, because, as you well have noted, there is not enough funding at the local level, State level, to be able to carry out those projects.

I would like to just point out, there are two specific ones; in one of my cities, there is a boulevard which separates, it is grade-separated but the sides have been starting to buckle. And the city has been trying to get the railroad—I have been trying to get UP to work and try to ameliorate it, because that will stop 40 trains a day bringing cargo to this area, to the rest of the United States. And that is getting to a critical situation. And the other area is, of course, the expansion of the Santa Ana Freeway. I call it the largest parking lot in the United States, because it is bumper to bumper almost 24/7. And the list goes on.

But I also have a request of you, Mr. Chairman, and that is to accept into the record a copy of a letter from the city of Pico Rivera in regard to the grade separation; and also a letter from the California Association of Sanitation Agencies that refer to some of the issues that they are facing and would like to have considered.

Mr. OBERSTAR. Without objection, the letters will be included in the record.

Mrs. NAPOLITANO. Thank you, sir.

We do have grade separations that are ready to go. In fact, they are working on them right now. So that we would hope that we can be able to be successful in getting them into the list, because they are ready to go.

A lot of other things that I would love to—I will maybe put some of the questions later on that clarify some of the issues that I know that I have and some of my constituency have. But I certainly thank you and those that came up to be able to be with you today.

And I yield back.

Mr. OBERSTAR. Well, of course we thank our Speaker, who is another Member of the California delegation, for her persistence in pursuing the issue of infrastructure, and thank her for the initiative in moving forward and giving us this directive.

Mr. Cummings, Chair of our Coast Guard and Maritime Subcommittee.

Mr. CUMMINGS. Thank you very much, Mr. Chairman. And I want to thank you for convening this critical hearing to give us this opportunity to examine how investments in needed infrastructure improvements can help support our Nation's economic recovery while contributing to our renewed economic growth over the longer term.

Mr. Chairman, I join you in feeling the pain of the American people. And I am trusting and hoping that, just as we were able to bail out Wall Street almost overnight, that we will be able to bail out Main Street through the stimulus package.

Our Nation confronts a staggering economic crisis that reaches now to every industry, every community and essentially every family. Despite unprecedented interventions, interventions which I believe should come with strict conditions, a recession appears likely. Our Nation has already lost 760,000 jobs so far this year, including 340,000 jobs lost in the construction industry alone.

Too often in the past, Congress has failed to take action to support economic recovery until after the worst of an economic crisis has passed. To ensure that we don't make the same mistake again, the Congress should enact legislation now that will support both our immediate economic recovery and our long-term growth.

Though it is not the purview of this Committee, I believe that such legislation must include the extension of unemployment benefits and the expansion of food stamps and some type of job training provisions.

This legislation must also provide funding for infrastructure projects that can be initiated during the coming months. Declining revenues into both the Federal and State transportation trust funds are destroying jobs, leaving States struggling to keep up with maintenance needs and causing States to delay planned projects. My own State of Maryland and that of Ms. Edwards recently announced more than $1 billion in cuts to its multiyear transportation program, as Maryland Transportation Secretary John Porcari will be discussing during his testimony.

In this economic environment, investments and infrastructure, unlike apparently bailouts to banks, can effectively create good-paying jobs while supporting the repair and expansion of the infrastructure that will carry a recovering economy forward.

Importantly, Mr. Chairman, as Chairman of the Subcommittee on Coast Guard and Maritime Transportation, I believe that it is imperative that the Federal infrastructure investments target waterborne transportation as well as the other surface modes. For example, under the Truman-Hobbs program, the Coast Guard is currently altering several bridges around the country to ensure that they are not obstructions to navigation. Accelerating these bridge modifications will provide additional jobs while improving navigation.

Additionally, I note that the second hearing I convened in the Coast Guard Subcommittee during the 110th Congress examined short sea shipping, Mr. Chairman, which is the movement of goods by water from one U.S. port to another or between a U.S. port and a port in Canada. During that hearing, the Subcommittee received compelling testimony indicating that one of the biggest impediments to the expansion of short sea shipping is the harbor maintenance tax.

The harbor maintenance tax adds costs to waterborne transportation that are not applied to land-side transportation. Additionally, because the tax must be paid by each shipper with a piece of cargo on a ship, rather than by the owner of the ship, and because cargo can even be double-taxed under certain circumstance, the harbor maintenance tax has the perverse effect of encouraging transportation by modes other than water, which only adds to congestion on our roads.

I introduced legislation, H.R. 1499, to exempt short sea shipping from the harbor maintenance tax. The CBO has prepared a preliminary estimate indicating that this measure would cost only $12 million in total forgone revenue to the Harbor Maintenance Trust Fund over 10 years. Given the Harbor Maintenance Trust Fund's multi-billion-dollar balance, this is an affordable investment to expand the environmentally friendly movement of freight by water. And I urge that it be considered for inclusion in any new legislation enacted by Congress to support economic recovery.

Again, Mr. Oberstar, I thank you for convening this hearing and for continually pushing for our Nation to invest in our own future by investing in our infrastructure.

Thank you.

Mr. OBERSTAR. Thank you very much for that very thoughtful statement, well-expressed.

Mr. Sires, we will skip over you, because I am going to give you the introduction of one of our star witnesses, and you can make your statement at that time.

And, Ms. Richardson, also from California, great to have you here.

Ms. RICHARDSON. Thank you, Mr. Chairman. I am pleased to join you and Ranking Member Mica and the rest of my colleagues today as we examine the impact of transportation employment stimulus from the Federal Government that could provide, really, a shot in the arm to our economy and to the job market. There is no more important issue facing Congress, and I thank you for holding this timely hearing today.

As you know, Mr. Chairman, this is not the first time the House has traveled down this road. As far back as FDR's administration in the 54th Congress, they worked on creating the Works Progress Administration to create construction jobs and to stimulate the economy in the aftermath of the Great Depression.

Just last month, we passed a job creations package here in Congress. Unfortunately, though, the Senate and the administration did not support its passage, and the efforts for hardworking Americans failed.

Now it is time to take a second bite at that apple. To combat this trend, the Congress has to act responsibly and to act now. We know that, for every $1 billion spent on transportation infrastructure projects, it creates over 35,000 jobs. There are thousands of highway projects right now that can be undertaken that many of us have alluded to this morning.

Specifically, in my district, the Southern California Association of Governments, also known as SCAG, which is mandated by the Federal Government to research and draw up plans to address the region's transportation needs, has transportation initiatives in aviation, goods movement, and corridor planning, amongst many others, that could really impact our transportation planning. SCAG has identified 58 State highway projects and over 200 transit projects listed for LA County alone. These projects are proposed over a 6-year period and could provide a steady source of employment for our region.

I can tell you unequivocally that, without significant public funding, the bridges and roads critical to our competitiveness will surely decay if we don't make the commitment now.

Finally, Mr. Chairman, it is no secret unemployment is on the rise. In my district, there are some portions that are as high as 14 percent. A new, bold economic recovery plan is critical. The best investment has been and will continue to be for America to get Americans working again.

I thank you for your time.

Mr. OBERSTAR. Thank you very much.

Ms. Edwards of Maryland, fresh off a resounding endorsement from The Washington Post for re-election. They don't often cast such kind words in their editorials. And the first term, to earn that, that is terrific.

Ms. EDWARDS. Thank you, Mr. Chairman.

I have the good fortune of having The Washington Post as our hometown paper, Ms. Norton.

Thank you, Mr. Chairman, and really for your leadership on transportation and particularly for your commitment to investments that I believe we need to make in mass transportation.

And this is a really important hearing that we are holding today, and I, too, associate myself with my colleagues' remarks, who commented about our failure to include an economic stimulus package in the bailout bill that we passed just several weeks ago. And I think we are seeing the results of that failure today. And so it is important that we act now.

I also want to thank all of our panelists here today, and particularly our MarylandSecretary of Transportation John Porcari. He is here on behalf of AASHTO today, but we never want to forget to mention that he is really from Maryland. And I know his commitment, as well as our State, to deep investments in mass transportation in our transportation infrastructure.

And as my colleague, Mr. Cummings, has already pointed out, in our home State, Maryland has already faced $1.1 billion worth of transportation projects that have been cut or delayed because of our State's budget concerns. And this at a time when we need those investments, as we do around the country, not just to stimulate the economy, but to create jobs, to improve quality of life, and to make the kind of investments I believe we need in infrastructure. It is not just about the short term, but also about our long-term global competitiveness.

I know the feelings of so many people in my congressional district and like myself who, this morning, thought I only really needed 40 minutes to get to work here, and it turned out that, in fact, I needed an hour and 40 minutes to get to work. And this happens routinely because we are stuck in traffic. I live in the Wilson Bridge corridor, a corridor that really should be open down 95 to facilitate our commercial development all along the 95 corridor. And yet so many of us as commuters are stuck in that corridor, actually hindering the movement of goods throughout the 95 corridor.

And so I share the concern that we may, you know, spend some time in the short term widening some of these roadways when really what we need to be doing is making investments in mass transportation for the long haul so that we improve our competitiveness.

You know, in our district, our parents are challenged to get home to child care and pick up their children from daycare, and they are paying $1 a minute and $2 a minute in overtime because they are stuck in traffic, and at a time when wages are, in fact, flat-lined. So this goes deeply to the quality of life and the affordability of families that is impacted by the kind of transportation infrastructure we have or we don't.

And, you know, we know that transportation projects provide growth and create opportunity and prosperity. And so I am looking forward to us figuring out a way to make investments in the short term and marry those with the kind of investments we need for the 21st-century economy. And I know that there is always a challenge of doing a project that is in the hopper today, and I think that that is really important. But it is also important for us to look at some of those long-term projects and figure out what we can jump-start today so that, 10 years from now, we are not faced with exactly the same circumstances, wondering why we made the mistake in the failure of not investing for the long-term.

And so, Mr. Chairman, I thank you.

Mr. OBERSTAR. Thank you very much. You really touched the core of living in urban congested America.

The Chair yields to the gentleman from Florida, our Ranking Member, for a unanimous consent request.

Mr. MICA. Just a quick request here. This will actually follow up Mr. Cummings' comments which I support, which is repeal of the harbor maintenance tax. It is a tax on the domestic movements of goods by vessels.

I had mentioned before there are some things outside the purview of our Committee, and the letter I have is addressed to Mr. Rangel, Mr. McCrery, the leaders of that Committee, signed by 27 of my colleagues on this side of the aisle. And there will be things in this package that will impact jobs and the economy and transportation of a tax nature and so we support that and ask that it be put in the record.

Mr. OBERSTAR. Without objection it will be included in the record.

It is also a matter I supported in the previous Congress that was not acted on and hasn't been acted on in this Congress.

So let us proceed. All right. Witnesses, you have heard from Members of the Committee and now it is our turn to hear from you. And to begin, I will ask the gentleman from New Jersey, Mr. Sires, to introduce our—make his opening comments and introduce our first witness.

Mr. SIRES. Thank you, Mr. Chairman. And thank you for holding this very important meeting. I would also like to thank you for coming to the district. I think you and I saw a very prime example of investing in our infrastructure: all of the jobs that were created, all of the development around the areas. And they were all permanent, good paying jobs, so I just want to thank you for coming to the district.

Mr. OBERSTAR. I am glad that there is still work for the gentleman to do after Chairman Jim Howard and Chairman Bob Rowe presided over this Committee for many years. I didn't think there was anything left to pave in New Jersey. But there clearly is work yet to be done, and you are going to do it.

Mr. SIRES. Again, thank you. And I have the honor today of introducing our great Governor from the State of New Jersey. As a former CEO of Goldman Sachs and a former Member of the United States Senate Banking Committee, his testimony is especially relevant to the current economic issues that we are facing. Governor, I am very interested in your experience in trying to get financing for some of the projects that we need in New Jersey. I know that you have been working very, very hard. So if you could address that as you address the Committee, that would be very helpful to us.

You know, New Jersey has been hard hit by the troubles in the financial market and the rise in unemployment rate is a cause for concern. At the same time, New Jersey is proud of its varied transportation and infrastructure systems. Enhancement of these systems will create thousands of good paying jobs and benefit the entire State.

I am pleased to have Governor Corzine testify today. His unique perspective, both the economic and the transportation, would surely guide the Committee as we do our work in putting together a good stimulus package. Governor, I know what you have inherited, I know what you are going through. I was part of the New Jersey process. So it is with a great deal of pleasure that I introduce the great Governor of the State of New Jersey, Governor Corzine. Thank you.

TESTIMONY OF HON. JON S. CORZINE, GOVERNOR, STATE OF NEW JERSEY; HON. JERRY E. ABRAMSON, MAYOR OF LOUISVILLE, KY, FORMER PRESIDENT, U.S. CONFERENCE OF MAYORS; GARY L. GALLEGOS, EXECUTIVE DIRECTOR, SAN DIEGO ASSOCIATION OF GOVERNMENTS; HON. JOHN ENGLER, FORMER GOVERNOR OF MICHIGAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, NATIONAL ASSOCIATION OF MANUFACTURERS; AND JOHN IRONS, RESEARCH AND POLICY DIRECTOR, ECONOMIC POLICY INSTITUTE

Governor CORZINE. Thank you, Congresman Sires. And it is great to be with you, Chairman Oberstar. I appreciated your quick remarks on how well we had done in history. I can only hope that that is not a warning for the future. Ranking Member Mica, it is good to be with you. I want to say to everyone on this Committee, one of the great things about it is its great bipartisanship and how people work together. That has been true of the Congressman from New Jersey, Frank LoBiondo and certainly Congressman Sires and I. I am grateful for that. This is not a subject that has an R&D next to it.

I also want to compliment you on the rail passenger reauthorization which is extraordinarily important for the Nation as well as those of us who are quarter States that benefit from it, and your foresight in H.R. 7110, which is putting transportation and infrastructure at the forefront of the stimulus package. The rest of the world will catch up, and that is what we are all here to support today. It is through your efforts that I think we will move directly in that area.

Two weeks, ago as the Congressman suggested, I called an emergency session of my State legislature to talk about the deteriorating economic conditions. They are really quite substantial. We are looking forward, not positively, but looking at three or four quarters of negative growth, unemployment rates reaching perhaps 8-1/2 percent, a serious dislocation from the financial services industry compounding what is happening in the national economy. And this is going on across the Nation in every State, every local community and numbers are quite staggering. And without some kind of help from the Federal Government, you are going to see the State and local governments become a very negative force in aggregate demand in the upcoming months. Our red ink will be about 4- or 500 million more than we anticipated when we put a budget together at the end of June; and next year, 3-1/2 to 4 billion necessary cuts just to balance our budget for which we have a constitutional responsibility.

I clearly and respectfully recommend that we move strongly with an economic package, one that I hope will be in the 1-1/2 to 2 percent GDP. That would be 250- to $300 billion range and it should happen post-election, not post-inauguration. And within that package, as what we recommended in the State of New Jersey, it should have a very strong component of infrastructure.

Surely we have to deal with our most vulnerable, the housing crisis, those struggling with the cost of food and fuel and unemployment. And we need to have tax structural changes that would promote business climates, and we are doing that in the State. But there is nothing more important than this infrastructure investment.

The centerpiece of my program was to push every one of my cabinet officers to accelerate, ready-to-go projects; 3-1/2 to 4 billion of these we think we can put on the ground in the next 6 months; 1.5 billion of them in the next 90 days. This will create 40,000 jobs that would not be otherwise in place. And it has to be done, in my view, on a national basis.

And the last recommendation I made to my legislature was catch the next Amtrak to Washington and come down here and shake the tin cup and talk to all of you, because we really do have a serious problem. Without action by the Federal Government, you are going to offset in State and local governments much of what is taking place.

Wall Street needed some kind of stabilization action. We need stabilization action at the local level. I will say that it is important that one understand that these projects can move now, and it is important to understand something I heard one of the Congresswomen say: We need to align these projects with our long-term objectives. We shouldn't be doing make-work projects. We need to make the projects that are aligned with our long-term objectives and needs consistent with where we go. This is not pork barrel, this is about win-win.

And your package that you put together that was resisted in the White House would have created 834,000 jobs; 834,000 out of the infrastructure program that you put together, according to the numbers that your staff suggested. That has more than offset what jobs we have already lost in this economy. It is time to move if you want to put people to work.

And I will say, parochially speaking, I am glad the Chairman has come to the greater New Jersey/New York area. One of those long-run aligned projects is that mass transit tunnel we have talked about. This time of adversity should be translated into a time of opportunity with respect to our infrastructure projects. We should not lose the opportunity to invest in our future, our children and our grandchildren's future. I have much more I can say on the subject. Thank you very much for having me.

Mr. OBERSTAR. Thank you, Governor Corzine. I compliment you and your predecessor, particularly you, for making New Jersey the template for America in a mode shift to transit. New York City has certainly a more than 10 percent mode shift to transit. Chicago does. But New Jersey as a State achieved it. If we did that nationwide we would save the equivalent of all the oil we import from Saudi Arabia, and that is 550 million barrels a year.

And the tunnel project you referenced just a moment ago, you and I talked about way back when you were still in the Senate, late one night—maybe it was early one morning about 1:00 a.m.—in the Member's Dining Room, and I regret that it has taken so long. I think the Federal Transit Administrator regrets that it has taken so long to move things along, but the CEI will be gone next year. Cost Effectiveness Index out, done, through. No more manipulating of the law beyond the law.

Mayor Abramson.

Mr. ABRAMSON. Thank you, Mr. Chairman. Thank you to the Ranking Member, Mr. Mica, and thanks to the Members of the Committee for allowing the mayors to be here. I am a past President of the U.S. Conference of Mayors and I am very pleased to submit to you the Conference's Mainstream Stimulus Plan that has been submitted into the record.

Now, everyone in this room clearly understands the economic crisis that our country is going through, but I can tell you that on Main Street, in the cities and counties throughout this country, we are feeling it directly. The unemployment rate is raising. As was said earlier, close to 800,000 jobs have been lost in 9 months. Families in our hometowns are losing their savings; retirement nest eggs are being literally evaporated; they are losing their homes. Sales are down, businesses are going through difficulties they haven't gone through in a generation.

Mr. Chairman, the mayors—in our stimulus package, we are not asking for a bailout. We are not asking for a rescue. But we are asking for an investment that immediately will create real jobs and I emphasize that ″immediately″ will create real jobs.

Now, the city of Louisville is a merged city-county with a population of about 700,000, and we reflect the crisis that is going on in every other community throughout this country. And yet the metropolitan communities like Louisville are truly the economic engines of this country. And if we are going to move this country out into a nationwide recovery, I would submit to you the economic engines are going to have to lead the way.

Mr. Chairman, following your philosophy throughout your tenure in Congress, now more than ever a partnership between Washington and the local communities must be reestablished, and we feel like the Mayors' Main Street Stimulus Package that we submitted is the first step in that direction. The Mayors' stimulus plan will improve the country's infrastructure that is literally falling apart, will deliver real jobs immediately, and will help small businesses on Main Street be able to energize and create local jobs themselves.

Earlier this week, Majority Leader Steny Hoyer visited Louisville, and I had around the table for him to listen, my director of roads and bridges, my director of sewers, my director of water and transit and schools and workforce training and my director of housing. And he heard ready-to-go programs, proposals that were on the table, literally ready to go within a 90- to 120-day period, of over $250 million in Louisville alone, and that we estimate, without any question, not only would stimulate the economy but we could finish those projects by the end of 2009. Ready-to-go projects like school modernization, bridges and road repairs, sewer and water repairs, public housing modernization, and the purchase of hybrid buses to expand our transit services. Literally, in 90 to 120 days we can be ready.

Let me summarize the points of the Conference of Mayors' proposal, and you will notice that many of them draw directly from the September House-passed stimulus package. We asked $9 billion be set aside for transit agencies to purchase rolling stock. The demand for public transportation is up, and yet none of the bus systems and none of the public transportation systems are able to meet it at this point in time. We need more hybrid buses and more vans on the streets, $1-1/2 billion ready for the airport improvement program. That fund has been stagnant for several years. A billion—$250 million for Amtrak.

You did an outstanding job, as was said by the Governor, in terms of your most recent passage of Amtrak investment, but track, bridges and tunnels still need assistance. And over $18 billion we request in water and wastewater grants to assist in rehabilitating aging water and sewer infrastructures. As you know, 740 cities have consolidated sewer overflow problems in their communities. We just signed—EPA has these enforceable consent decrees. We have one in Louisville that is going to cost us $800 million. You have one in Duluth, Mr. Chairman, Cincinnati, Pittsburgh, Birmingham, et cetera. We need assistance to ensure that our water and sewers are ready to go.

We are $7.5 billion to repair and modernize schools and $2.5 billion to repair and upgrade public housing.

Mr. Chairman, there are three other quick ones that I want to go through that I think are important: $32 billion we request for critical ready-to-go highway projects in metro areas and throughout States, throughout the rural areas of our States. Repair the bridges, repair the roads, widen the farm-to-market roads.

We agree that the STP program is the right vehicle to deliver the funds. It provides the maximum flexibility for these projects. But we are strongly opposed to dropping local communities out of the decision making as the September bill that was passed in this House did, because we believe as you set up the MPOs around this country, that the local folks need to be a part of that decision making process to know where that investment will both assist both the folks who live in the community as well as business folks.

We talked about a $10 billion infusion of community development block grant moneys. You used that in New York City post September 12th. You used community block grants post Katrina. You used community block grant moneys again in your neighborhood stabilization program most recently passed. We think that would create immediate jobs for construction of public facilities, et cetera.

And, finally, we really agree with the statements that were made dealing with green jobs for Main Street. And you could, with $5 billion invested in the energy efficiency conservation block program that you, Mr. Chairman, have strongly supported, as have other Members of your Committee. It would make a significant difference.

We are ready to go at the city levels. We can create those jobs now. Not government jobs, but private sector jobs. And when you put it all together, 90 to 120 days, you put investment out there, we will make sure people go back to work in cities and counties throughout the United States. Thank you, Mr. Chairman.

Mr. OBERSTAR. Thank you very much for a spirited presentation. I love the energy and the enthusiasm. And your Main Street Stimulus which I read last night—and I will make sure we distribute that widely in the House.

Mr. ABRAMSON. Thank you, Mr. Chairman.

Mr. OBERSTAR. Louis Mumford, whom I call America's urban philosopher, wrote: The city is the academy of learning, it is the temple, it is the hall of justice, it is the crossroads where the issues of civilization are joined. I concur. They are joined in your testimony.

Mr. ABRAMSON. Thank you.

Mr. OBERSTAR. Mr. Gallegos, on behalf of the——

Mr. GALLEGOS. Good morning. And thank you, Chairman Oberstar and Ranking Member Mica and Members of the Committee. I am honored to be before you today to testify on the important role that our Nation's regions can play and are playing on developing and implementing infrastructure. Please accept my written statement for the record to supplement my remarks that I will make here today.

Again, I am Gary Gallegos. I am the executive director of the San Diego Association of Governments. I am a member of the National Association of Regional Councils and Executive Director's Council. I am here today to stress the need for Federal investment.

Mr. MICA. Excuse me. If you could move the mike over.

Mr. OBERSTAR. There is something wrong with it. We are going to get a replacement for you.

Mr. GALLEGOS. Thank you.

Mr. OBERSTAR. We will get a replacement.

Mr. GALLEGOS. Again, I am Gary Gallegos, the executive director of the San Diego Association of Governments. And I am here to stress the need for Federal investment in our Nation's infrastructure and to illustrate how regional councils are part of the solution.

SANDAGis a statutorily created agency serving more than 3 million people in the San Diego region. The 18 cities in the county comprise SANDAG, which serves as a forum for regional decision making. SANDAG serves as the Federal designated metropolitan planning organization for the San Diego region and is responsible far beyond what is required for the typical MPO. Unlike many MPOs or council of governments nationwide, California invests in SANDAG the authority to decide and direct where State and Federal funding in a region will be used. Vesting this degree of authority within the regional agency is in large part what has helped SANDAG be so successful in moving infrastructure projects.

Mr. Chairman, all of our region's face severe underinvestment as our needs outstrip our ability to fund critical infrastructure. Both urban and rural America are sitting on billions of dollars of unfunded dormant projects, as we have already heard this morning. The convergence of a softening economy, rising unemployment, population growth and the clear need to invest in our national infrastructure provides us with a unique opportunity, we believe. The question is: How can Congress best direct funding both to provide jobs and at the same time create a world-class globally competitive transportation system in the process?

Let me offer San Diego as a successful example. Absent clear Federal leadership, the State of California and SANDAG are pressing forward with many self-help projects that are funded using SANDAG's $14 billion voter-approved local sales tax program known as TransNet, which is funding highway transit and local projects throughout our region.

The State of California has also made an investment in the State's infrastructure. In 2006 our voters approved a $43 billion infrastructure bond for transportation in a wide range of projects. SANDAG is currently pressing on several infrastructure projects that will create a better transportation system and bolster our economy.

In September we opened the first segment of our I-15 managed-lane project, which will create a 20-mile multimodal facility that includes a BRT and public transportation incorporated into a multimodal facility. This $1.3 billion investment is an example of a successful partnership at all levels of government. SANDAG invested local sales tax dollars and successfully competed for over $400 million in funding through the infrastructure bonds passed at the State level. Congress has also appropriated funds for this project.

At the regional level we have the capacity to undertake and deliver major transportation infrastructure. The tremendous progress is based on our commitment that our region is made the focus on corridors and not just on individual modal projects. Within I-15, we planned for, secured environmental clearance, and developed the concept for the entire corridor. This approach has allowed us to treat these projects much like an accordion, where we can either contract them or expand them to meet the investment. And this has allowed us to be competitive and to be able to get construction projects quickly to construction.

We have several other corridors totaling about $3 billion in the San Diego region that are ready to go: pieces like Interstate 5, Interstate 805, State Route 52 and our rail corridors.

Mr. Chairman, we are also continuing to press the innovation cycle in San Diego by undertaking a third border-crossing project in partnership with CALTRANS. SANDAG has now obtained the authority to set tolls and levy fees on a new highway. This revenue would not only pay for the highway but would pay for the border crossing itself.

Arguably, a new international border is a Federal responsibility. However, SANDAG's elected officials and other leaders recognize the importance the border infrastructure plays in our economy, and these improvements mean more jobs and more income flowing into the region. Regions and States have moved forward aggressively to address our transportation challenges, but we cannot invest in our Nation's transportation infrastructure alone. As a Nation we recognize the value of building the national network through the interstate program. Today we have an even more urgent need to rebuild and grow the system.

Mr. Chairman, in conclusion let me conclude by stating that we and other regions across the Nation are ready to partner with the Federal Government in the stimulus program that will put people to work. Thank you.

Mr. OBERSTAR. Thank you very much for your statement. You have much more detail in your written presentation than you could possibly deliver and that will all be included in the record. And I make the point for all witnesses. But I was very impressed last night as I read through all of the details.

Governor Engler, in your role as the CEO of NAM, we are doubly delighted to have you here. With Ms. Miller, I remember your years as Governor and our adjoining States, although on the map it doesn't look like we adjoin, but you have that little stretch of Lake Superior that is just a bit offshore in my district. So we are really neighbors. So we certainly appreciate your leadership in Michigan at a time when we had our problems at home in Minnesota. Thank you for being here. Your statement is an excellent resounding support of infrastructure.

Mr. ENGLER. Thank you very much. Thank you, Mr. Chairman, Ranking Member Mica, Committee Members. Thank you for the opportunity today to come and represent the National Association of Manufacturers about infrastructure investment and economic recovery.

We represent nearly 11,000 members, over 13 million men and women who work, making and inventing things in America. The adequacy and the efficiency of our Nation's transportation infrastructure underlies the core of our economic prosperity and helps keep our manufacturers competitive both domestically and internationally.

NAM members are predominantly reliant on motor carriers to deliver finished products to their customers, but many also rely on air fright to deliver time-sensitive and high-value cargos; railroads for raw materials as well as finished products; the inland waterways for efficient and bulk-sized movements; and seaports for export to overseas markets. So we welcome today's hearing on public investments that improve and modernize our transportation infrastructure.

At this time of great economic uncertainty, we will assist in the national recovery by doing, Mr. Chairman, as you spoke earlier, assisting steel mills in keeping going, cement trucks rolling, engine and equipment manufacturing lines moving, and Americans employed. Eighty percent of our Nation's freight measured by value moves across our roads, highways and bridges by truck. The deteriorating condition of our surface transportation infrastructure and an estimated $78 billion in costs associated with traffic congestion have a negative impact on the manufacturing economy. Beyond wasted time and added fuel consumption, there is a fact that the cost of this congestion tax doesn't even tell the whole story.

An internal NAM study showed nearly 20 percent of our small- and medium-sized manufacturers reported that they risk now losing a customer due to bottlenecks or other traffic delays that have worsened over the last 5 years. There are many more industries and NAM members; you are going to hear from Oldcastle Materials. Doug Black later on will testify they could use the assistance, and additionally we believe more Federal transportation investment will be of great relief to the States and localities; we are hearing that testimony this morning. And even the Federal agencies to make progress on transportation infrastructure projects that are ready to go and are critical, as Governor Corzine mentioned, as part of an overall strategy for the economy.

At the same time, the condition of our Nation's infrastructure where transportation has reached a breaking point, and we can't continue to defer critical maintenance and capacity-enhancing projects. America's manufacturers believe strongly as you do, Mr. Chairman and Ranking Member, that we have a national infrastructure crisis. And we need the long-term, 25-year strategy that goes well beyond these short-term fixes.

The current revenue going into the highway trust fund is unstainable. The $8 billion fix last month was necessary, but as we recognize, only a temporary patch. We certainly express appreciation for all of the work that went into that effort over a period of time at this Committee, in the Congress, and ultimately getting the signature.

However, we come here today because we certainly don't feel we have to wait for surface transportation reauthorization in the fall. There is an opportunity now to provide the States with $18 billion in critical funding for transportation infrastructure projects that Governor Corzine testified to and we are talking about, and will throughout the day. This project is ready to go.

Although Federal infrastructure investment by itself certainly can't calm the financial markets, although maybe the news of this hearing yesterday jumped that market to 900 points—I would have to rely again on Governor Corzine to put it in its context for us. But there is no question targeted funding to transportation infrastructure in a stimulus bill will provide a solid down payment to future investments and will have lasting economic benefits.

To ensure those benefits are realized, States should agree to be held accountable for these projects. Again, the Governor touched on that. We should not allow unnecessary red tape also to prevent quick action, additional highways and bridges. There are other opportunities along the inland waterways which move major energy and agriculture commodities, both export and domestic use.

A billion to a billion and a half dollar Federal investment would expedite 16 job-creating lock and dam projects that this Congress has already approved, while the aviation sector anticipates 1 billion passengers as soon as 2015.

Right now we have got the right environment to undertake a billion dollars in airport construction projects that would support safety and security and projected capacity needs, as well as, I think, consider fast-tracking our transition to a satellite-based air traffic control system.

Our global competitors already heavily invest. Anybody watching the Olympics saw the progress in China. Now China's government has recently announced they are going to allocate even more infrastructure building in the wake of the downturn. Australia, a similar move there. Other countries, the same thing.

To keep U.S. business manufacturers competitive, we are going to have to invest more than 2.4 percent of our GDP in public infrastructure spending. At the same time, I believe strongly that private investment must be welcomed and encouraged in this economic climate.

In closing, the NAM supports and believes the case is strong for the Federal Government to commit resources to transportation infrastructure projects that are ready to go, will provide meaningful and long-lasting public benefit to our economy.

We had a recent meeting in D.C. I even cite the CEO of Verizon who gave this wisdom, I think, to the NAM Board of Directors. He said if there was a lesson in the Wall Street and financial services implosion, it is the importance of allocating capital to those things that really add value, build businesses and create wealth for American workers and investors.

Mr. Chairman, Mr. Mica, Members of the Committee, that is exactly what you are talking about. We appreciate the opportunity to testify today and look forward to your questions.

Mr. OBERSTAR. Thank you very much, Governor Engler. And if you hadn't cited that from your—the last comment from your testimony, I was going to paraphrase it because I think it is so pertinent, so to the point. Things that really add value, build businesses and create wealth, and that is transportation. Maybe we can just stop right there.

Dr. Irons, I heard you on public radio this morning. You made a splendid statement which is covered in your written remarks. Please proceed.

Mr. IRONS. Thank you. Thank you, Chairman Oberstar and Ranking Member Mica. Thank you for the opportunity to testify in front of the Committee. And I am glad to hear you are still inviting economists back to the Committee. I hope my head is not too pointy for your taste.

I would like to spend a couple of minutes to describe the prospects of the job market and also to address one of the main critiques of the use of infrastructure in a recovery package: mainly that these investments would be too slow to impact the economy. As you know, the U.S. Labor market has been struggling with job losses since the start of the year. The economy has lost 760,000 jobs since January, and the unemployment rate has risen to 6.1 percent, up from 4.7 percent one year ago.

The future is bleak as well. The credit crunch appears to be spilling over from Wall Street to Main Street, with both consumers and businesses having trouble obtaining credit. The forecasts of future unemployment vary, but looking at past recessions suggests that unemployment in the range of 8 to 9 percent would not be surprising.

The total number of jobs lost in the last two recessions as measured from the start of the downturn to the bottom was 1.6 million jobs lost in the 1990 to 1991 recession and 2.7 million lost in the 2001 recession.

Labor market weakness can persist for months or years even after the start of a recession. In the 1990 to 1991 recession, it took 11 months for employment to hit bottom and it took a total of 32 months to fully recover to pre-recession levels. In the 2001 recession, it took 30 months to hit bottom and a full 4 years to recover.

If we look at employment only in the private sector, the recovery was even slower. The bottom was reached between 2 and 3 years after the start of the recession, and the recovery took between 3 and 4-1/2 years after the onset of job losses. Thus we can expect continuing weakness in the labor market for another 2 to 3 years with total private and construction employment taking as much as 4 years to fully recover.

Let me turn now to the role of infrastructure investment in an economic recovery package. My written testimony contains additional analysis of the economic impact, but let me address one aspect here. These investments have often been criticized as being too slow, as you noted, to have an impact in an economic downturn.

It is true that infrastructure projects have not always been timely; however, there are several reasons why such criticisms are less founded today and why a properly designed package can have a swift impact on jobs in the economy. First, Congress itself can reduce the delay by quickly passing a recovery package. You can also require that States and localities must begin projects within a certain time period, such as 90 days or 120 days from date of enactment.

Second, in a time when there are huge unmet needs, spending can have a more immediate impact because virtually every State, locality and school district will have already identified ready-to-go projects that are simply waiting for funding. And you heard about many of those today and you will hear about some later on today as well. Many of these projects include maintenance-and-repair backlogs that exist because of inadequate funding.

Third, recent experience demonstrates that major projects can be implemented quickly. As you know from your own statement, the tragic collapse of the I-35 bridge in Minneapolis occurred in August of 2007. Concrete was flowing this past winter and the bridge is now open for business. So we know that we can undertake major projects and complete them quickly.

Fourth, a well-maintained infrastructure is clearly in the national interest and there are many projects that will need to be undertaken at some point. For example, we will need to eventually repair or replace many aging sewer systems across the country. And we know that demand for public transit is increasing as energy prices rise. An acceleration of funding for these projects will address needs and create jobs at the same time. Even if a project is not perfectly timed, the funding should not be considered to be wasted or ineffective.

Finally, infrastructure investments should be seen as an insurance policy against a prolonged downturn. As I mentioned before, it can take a substantial amount of time for the labor market to recover, and so Congress is unlikely to miss the window of opportunity. A broad-based recovery package should be at least as large as the package passed in January and should include at least $75 billion in infrastructure investments with a focus on ready-to-go and fix-it-first projects. Such an investment would by conservative estimates create over 1 million jobs. If you look at estimates that are more in line with what you mentioned here today, then we could create significantly more than 1 million jobs, up to 2-1/2 million jobs if you look at it in terms of 35,000 jobs created per $1 billion spent.

My written testimony contains additional information on the industry-by-industry impact of such an investment. But let me just note that the investments would spill over beyond just the construction industry to impact a wide range of industries across the country and across industries. You will likely hear today about a range of ready-to-go projects. It is clear to me that there are enough projects to allow Congress to invest significant resources and see resulting job creation and economic growth in a relatively short period of time.

Again, let me thank you for this opportunity to present to this Committee, and I also look forward to your questions.

Mr. OBERSTAR. Thank you very much, Dr. Irons.

And it is always delightful to have positive testimony from an economist.

I had referenced at the outset the Works Progress Administration of the Roosevelt years. And characteristic of our investment in real things, those projects are still there serving America. We have a baseball field in my hometown, which was the inspiration for Field of Dreams. It is still there: the stadium, the wall, and city hall and the fire department in Chisholm. All were built in 1936, 1937, 1938. Seventy years later they are still serving the public. You can travel all around America and see these projects that were built to create jobs but to last a lifetime.

Now, Governor Corzine, AASHTO at our request, our Committee's request last year, produced a list of projects that has grown to 3,000-plus now, submitted by each of the States. If you get these funds, and we are successful with the Speaker's rigorous initiative here and her very firm commitment to move this infrastructure proposal ahead, will the New Jersey DOT fund the projects in the priority listing as submitted to AASHTO, depending on the amount of money?

Governor CORZINE. It absolutely will adhere to the prioritizations that are established both from the Federal regulations and what we have established at the State, and those were submitted under those formulations. And this is a precious resource. And so I think that there is an absolute commitment. At least I know that is the case in New Jersey and I know among most of the Governors that I have close relationships with, that this is not about pork-barrel feeding. This is about making sure that we are putting money against the most important needs.

There are always going to be arguments about regions within States as there are regions within the country. But we will adhere very strictly to objective standards and those that have been submitted. I would add, we are going to do this, what I talked about in our testimony, whether there is an additional stimulus package or not. We are so convinced that we can lean against the winds of this rising unemployment in the real economy, that we have put new toll hikes in place at some political capital being expended, both at the Port Authority of New York, New Jersey, and also in our toll roads. But it is essential that we create these jobs now and it is the right thing to do if you are going to take those kinds of risks to move forward. It needs to be done by objective standards and that is what we will follow through as is in the submissions.

Mr. OBERSTAR. I very much appreciate that. The Congress gets a lot of bad rap for Member high-priority projects, as we call them. And the surface transportation earmarks come out of appropriation bills and are in a different arena, totally different from what we do here. And yet there are designations. There are changes at the executive branch, at the national level, that the State level make once they get their hands on the list. You have submitted the list and you have made the commitment that you will adhere to it.

Governor Engler, you talked about targeted funding. I assume that is what you mean, being specific with the State revolving loan fund projects, water and sewer, wastewater treatment. You know what the needs are in Michigan, you know what they are from your members all across this country. Industry can't expand their production if the wastewater treatment facility can't absorb that increased output.

Mr. ENGLER. That's right, Mr. Chairman. I think the Governor hit on it. You would work through a priority list. Most of those priority lists—I know we began the process of a 5-year plan and tried to lay out for 5 years ahead what projects should be worked on in what order.

And I am sure—I haven't seen the specifics in Michigan—but in State after State we have seen notification of projects being pulled back as the revenues have fallen short. And States like Michigan are interesting. New Jersey probably has some of this, where the construction season isn't completely year round, too. You have to get ready to go. And one of the things I think is so smart to hold this hearing now, even though there is an election next week, is to get ready because you want to get your bids done in the winter States. Minnesota would be this way. You want to get those done in the winter so the minute that frost is out, if you are talking about a highway project, you are ready to go. You have got that work planned, and you can get more work done in a short construction season if you have got the planning done.

Our friends in California work at this year round, but it is a little different organizational approach. And the targeting I think is to get these highest priority projects in some order to be done.

You have had a lot—I am more talking transportation infrastructure. We have had other kinds of projects that get raised here. But I do think that the recipients in this case, certainly, also should be willing to come back and say this is what this means in terms of jobs. This is the economic impact. That information is almost always available. We talked about that when we do local projects.

Mr. Chairman, I don't want to answer long, but I do want to read just from a release out of Australia that was kind of interesting because it involved the new Prime Minister there. And he talked there about the bank-rolling local councils to deliver small projects with short lead times such as local roads, bridges, to keep the economy moving, shield communities from job losses, reduce growth that will stem from the crash of the global and capital stock markets. And in this case they are talking, in that Nation, about $600 million. That is a big number for them. But that is what they are thinking. China, on the other hand, they budgeted for rail investment $175 billion from 06 through 2010 to make up their underinvestment in the past. A little different story.

Mr. OBERSTAR. Good examples. And you go from a nation that has a population the size of California or a little bit smaller, to one who has more people after the decimal point than we have in the whole United States.

I will withhold there and recognize our Ranking Member, Mr. Mica.

Mr. MICA. Thank you. I will dive right in here on a couple of issues.

First of all, Governor Corzine, I want to extend an invitation to you and the State of New Jersey. On Thursday, November 20th, I will, at 2:30 in the afternoon—you don't have to come, but I want your highest-ranking transportation person on rail issues. I am going to convene a meeting to make certain that this administration moves forward on the passenger rail and high-speed rail provisions that we put into law recently. Of course, New Jersey is one of the biggest players in this, so we look forward to your participation on Friday, and that is at 2:30 on Friday, the 21st. I will have a meeting at a location to be determined. And that will be the 11 other corridors across the United—10 other corridors. You are one of the key ones, because that is the only real right-of-way that Amtrak owns, and one of the most logical for a high-speed railway that would solve many of our problems, aviation congestion, take folks off the highway. So I would hope that you could participate in that.

Governor CORZINE. I will try very hard. Either myself——

Mr. MICA. Well, it is not necessary for you, but someone that can move this forward. The provision we put into law does kick this off. I am not sure if you are aware of it. The day the President signed it, within 60 days the administration has to issue RFPs, requests for proposals. So we want yours to be one of the first and hopefully one of the most successful. And it would have one of the biggest impacts. If we have success in that corridor, not only will we change the dynamics of transportation, but we will impact all the other corridors that want to have a successful effort in dragging the United States kicking and screaming into the 21st century of high-speed rail. So thank you. And I welcome your participation.

And this is going to transcend administrations. This isn't a Republican or a Democrat project. This is a project for the benefit of the—or these are projects for the benefit of the Nation.

Dr. Irons, I think you are the one that talked about the I-35 bridge. Yeah. I stood on the I-35 bridge in Minneapolis and held up a sign that had three numbers on it, 437. 437. It wasn't a mismatched sporting event. It was the number of days it took to complete that bridge. But the problem we have is process, and it takes so long. I mean, Governor Engler and Governor Corzine and the rest of you leaders from some of the local communities know how long. We had sitting in those same chairs some of the folks from the TEA-LU Commission that looked at what we should do in the next transportation bill. They said that if the Federal Government gets involved, it takes two to three times as long and sometimes costs three to four times as much. Is that your observation, Dr. Irons?

Mr. IRONS. Well, I think it depends on the project. Brand-new projects where you are building, say——

Mr. MICA. Changing the footprint, the dynamics, right?

Mr. IRONS. Yeah. If you do something that is a brand-new project it is obviously going to take longer.

Mr. MICA. But we can speed up the process.

Mr. IRONS. We can absolutely speed up the process. And you will hear people that have firsthand knowledge——

Mr. MICA. 437 would be a great model. So maybe as a component, it doesn't cost anything to speed up the process. Certainly we don't want to run over the environment. We want to make certain everybody gets a shot at some, say, maybe their legal right to contest a project, et cetera. But we can speed up the project. No money, just speeding up the process would help maybe in some things that we do.

Got another question for you. You know, you gave us some figures, 201—we lost 2.17 million jobs at a previous time. 1.6. I have heard about 800,000 we have lost in the last year. And if I use my math of 35,000 for a billion, well, we could cover ourselves with maybe—well, get to a $30 billion package—we could cover the jobs we have lost. And if you multiply that out if we got into this bad shape, even a $90 billion package would take care of the whole thing.

Now, my question would be money spent versus tax incentives for the private sector to undertake some of these things. What kind of balance—I mean, we are going to probably do a package of over 200 to $300 billion. Well, even 90 billion, if I spend a whole lot on transportation infrastructure, will cover me for recreating the jobs, or at least providing money to cover the jobs that have been lost. What should the mix be?

Mr. IRONS. I will trust your math on those numbers. But you are right, there are different ways you can stimulate this kind of investment, either direct spending or tax incentives. The evidence I have seen out there shows that a direct expenditure tends to have a bigger bang for the buck than does tax incentives for these kinds of projects. Or for economic activity, more generally speaking. And I think when you look at the projects that are available out there, we know these are things that can be done right away. The advantage of doing it in a direct expenditure way, you know they are going to be done, you know the money is going out the door in a specified amount of time.

With tax incentives you are a little bit unsure about what that impact will be. With the tax incentives, it depends very much on how they are designed. You can design tax incentives that just reward companies for what they are going to do anyway, and you can design tax incentives that actually create new economic activity. So it is hard to answer that question in the abstract, you have to know how those incentives are designed. But we do know there is a significant bang for the buck with direct expenditures.

Mr. MICA. Governor Engler, tax policy is important. You have heard my 179 stimulating jobs through, again, tax policy. It is not our Committee, but there are things that—in fact, transportation creating jobs. How do manufacturers feel about that?

Mr. ENGLER. Manufacturers love tax cuts. Especially when we have got the highest tax manufacturing economy in the world, virtually. Our very high corporate tax rate, very high corporate capital gains tax rates, are tough to deal with in terms of global competitiveness.

Now, you take a small- to medium-sized company that is maybe a supplier in one of these areas. I would say that, you know, they are helped by any type of tax reduction. But you are talking big projects here that need public investment. I mean, I am not—it is hard to get there. We aren't ever going to have a bunch of small businesses get together and build a road very easily. So we have got to have them healthy.

I would say if we look at one of the real advances in the way in which we have been able to leverage transportation infrastructure—which has been through a lot of innovation—you yield—some of that is in the Oldcastle testimony. You will hear from them later. But a lot of new things that are done, R&D credits are very helpful. That ought to be permanent and much more substantial because new technologies, new ways of building better, whether it is a bridge or just a surface for a road.

But I really think on this that, you know, we have got to come up with financing tools, we have got to come up with—I think there are certainly public/private partnerships that can work for part of it. I don't think that they can do as much as maybe U.S. DOT believes can be done.

And sometimes users have to pay. I mean, that is one of the things that, you know, Governor Corzine addressed this. Depending on what you are talking about, historically we always felt school buildings had some relationship to property values. So the idea that, you know, somebody built them and somebody doesn't, you know—those are different kinds of things. Sewer water, again user pay has been kind of a way that gets done, electric transmission.

But you were on to something with the question to Dr. Irons, if I can just quickly close on this point. You can save billions and billions of dollars by wringing delay out of the process. I am not sure that the Federal Highway Administration needs to overlook—once Governor Corzine's transportation department has finished all their planning, it needs to sit for a year in Washington being checked again. I don't think that the Environmental Protection Agency under a NEPA claim, if something is already an interchange, it has to spend a year or 2 with the State and the regional people doing full-blown environmental impact statements to see if the bridge which has weakened in its construction, because it has been there 45 years now, can be rebuilt in the same spot. It is still going to be a bridge. Pretty much the same impact on the environment.

That is a lot of cost that we are—and what that does is let people come in and try to hijack some of the budget for some other purposes often. So there is a lot that could be done to wring this out of the system and facilitate some type of fast-track authority. That is what you had in Minneapolis to get that bridge done that fast. And can we fast-track some of these projects here?

Now, most of these that are ready to go, in fact, are ready to go because they have already walked through the gauntlet. You might have some new projects that will be ready to go if you can fast-track the permitting, and that is a complicated thing that we have got to work with you on.

Mr. MICA. Well, thank you. In the short term we do have to address the stimulus package. In the long term I am sure we are going to invite you back, because I do—I am a strong advocate of a national strategic infrastructure and transportation plan, which we do not have, and then also a way to finance it and then speed up the process is key components of our long-term solution. Thank you, Mr. Chairman.

Mr. OBERSTAR. Thank you very much for those comments and for your observations, Mr. Mica.

Governor Engler, on that point—and Governor Corzine—in the current, SAFETEA legislation there is a provision—about 20 pages of legislative language that I crafted at the request of our then-Chairman, Don Young, to expedite projects, to take this vertical process, turn it on its side, put them all together, all the interests that have permits to issue, not just EPA, not just National Trust for Historic Preservation, but all of them together at the same time to come together, agree on a time frame, a timetable in which they can expedite moving ahead on the project.

Now, it hasn't been used by all States and I am disappointed that that hasn't been done. But in the next transportation legislation, we are going to create an Office of Permit Expediting in the Federal Highway Administration, along with an Office of Livability. And to do that, Mr. DeFazio will be leading the charge.

So I yield to the gentleman from Oregon. I recognize him at this time.

Mr. DEFAZIO. Thank you, Mr. Chairman. I would note there seems to be a decided lack of interest on the part of this administration in fully implementing and utilizing the streamlining you spent so much time in reaching consensus on, and it was not an easy consensus between those in the construction industry and the States and the various jurisdictions and environmental representatives. And I think that there is a lot of unrealized potential there that could save a lot of time in these projects. And I am—hopefully, we can make it even more clear in the next bill that we want that done and we want it—we just have no patience with this.

Not all economists, Mr. Iron. I am sorry, I shouldn't have been so global. I didn't say all economists. I said those pointy-headed ones that constantly criticize infrastructure. And you in your testimony say that you envision we would do this enhanced investment with deficit spending; is that correct, right?

Mr. IRONS. That is right.

Mr. DEFAZIO. Is there anyone on the panel that disagrees that this would be a circumstance under which we would look at basically borrowing to invest in these sorts of projects? Anyone disagree with that?

Mr. ENGLER. I don't disagree with the premise. But I think in fairness to the work that gets done, there is a significant benefit to the Treasury when we do this kind of work. And for hesitancy here of getting counter with the CBO, it might be somewhat dynamic if you put thousands of people back to work, companies start building roads, there is economic activity. And that has a positive effect on GDP. And so it is not—the deficit that sometimes gets scored is a lot less in reality than might be reported, because we are not getting credit for the income that is being generated over here on the other side.

Mr. DEFAZIO. But, you know, the fight likely to be here on the Hill is there has been, you know, commitments made to continue with pay-as-you-go, and I expect we will have some discussion of that. But I believe in this circumstance, you know, waiving those congressional rules, I can certainly justify borrowing money to invest in roads, bridges, highways, transit, other projects that actually put Americans back to work, utilizing American products, make the country more productive, help with just-in-time deliveries and a whole host of things that will last for 30, 50, 80 years than many other things the government does. So I just wanted to make sure there was consensus. Governor.

Governor CORZINE. I would say you raise a point, and the response from Governor Engler is consistent. There are a lot of us on both sides of the aisle that would argue that there needs to be a separation of operating budgets from capital budgets, so that you could actually do greater return and objective analysis of how long-term investments were made, and therefore would not give up the disciplines of pay-as-you-go, but would look at long-term return factors on how that would be done.

I happen to have a burr on me on this one. I ran a National Commission on Capital Budgeting, and would love to see that outside the budget process. Some of us do more of that rather than less in our State budgets. I would say it is not nearly as good as it should be. But I think there needs to be a separation in the public's mind about these kinds of efforts that end up having, as the Chairman suggested, impact for great grandchildren and great-great grandchildren as opposed to only the impact in the short run. So I think this is a topic that I hope would actually get some centerpiece of discussion as time goes on.

Mr. DEFAZIO. No. I have long advocated we should have capital budgets. I wasn't familiar with the Commission, I will have to get my staff to find that report and dust it off. But I absolutely agree with you.

Mr. GALLEGOS. Congressman, if I could add, I might suggest that at the local level, with local sales tax, we have a process where we go through to make that evaluation whether we should wait until we collect enough tax or whether we should borrow and move forward. And we have found that in most cases it has been more to our advantage to move forward because the cost of delaying the project and the cost to the public outweighs the cost of interest. And in most cases, for over 20 years we've been making that calculation at the local and regional level, and there may be some wisdom to be found in what local and regional governments are doing in terms of trying to make that decision and decide whether they wait until they've got enough money or whether they borrow to do the project. And we have, I think, had a fair amount of success in doing that and been able to leverage literally billions of dollars to advance our infrastructure.

Mr. DEFAZIO. Excellent suggestion. And of course, today, you probably were doing that with tax anticipation notes or some other form of bonding that might be a little difficult in the current market. But that certainly is a good suggestion.

And what we are proposing—and I think this was addressed by a couple members of the panel—is that, first off, what we propose in the stimulus is a 100 percent Federal share. So we are not having to worry about the local jurisdictions raising the match, particularly in this environment. And then we also said that—and there was some disagreement represented between urban areas and States, but we just didn't feel we could target the money down to particular metropolitan areas because some might be ready to go, some might not. So we did choose the States. And we wanted ready-to-go projects. And we also do have a provision that if the money isn't committed within 6 months, that someone else is going to get it. I mean, we are serious about spending this money.

So we've got that. And I think we have got some good consensus here. But if I could, just for a minute, look to the future, Mr. Chairman, because I am going to be wrestling with this, ideas about further infrastructure investment, particularly dealing with the deficit longer term. If we can't get the capital budgets, Governor, we are looking at a gas tax where the revenues are actually falling and the needs are growing. And I am just curious if anybody here has any great insight or ideas on where we might raise some additional funds, or could we again justify longer term, if we don't have capital budgets, we have a scoring problem, but more borrowing to fill some of the gap in our transportation infrastructure?

Mr. ENGLER. I certainly want to associate myself with the remarks of Governor Corzine. The capital budget is very key because it is what every company uses, it is what virtually all of the States use, and it should be separated. And then this makes us—it still isn't free, but at least it is a better way to visualize this. And we are on State balance sheets now under Gadby actually reporting, we are showing some of that capital side which never was showing before, so you can actually find that in State fiscal reports.

But I think you are looking at a combination—and I think capital budget is key, but I do think there is going to have to be new revenues. Actually, in Michigan, one of the toughest fights we had, and Congresswoman Miller referred to it, is we actually raised the nickel of gas tax, tried to—and then earmarked back just a few years ago, a penny. But for bridges at the time, we had some of the earliest interstates, therefore we had the earliest problems on bridges. The rest for capacity, and obviously sharing with local. I do think that there is a lot of creative energy out around public and private partnerships and the way that they can work. And we are seeing some things being done there.

Michigan is a State that didn't toll roads initially; we have only got a couple of bridges with tolls on them, but the new technology is allowing for some types of congestion pricing, perhaps. There is lot of conversation. We have been trying to have this conversation through our association with lots of different groups because what do you pay for and what do you get credit for. The point I made earlier, there was an awful lot of work done in States and localities on sort of a TIFA model of a tax increment financing that's making investment. The valuations came up and there was a revenue flow.

In one sense, that model does work in the Federal budget. As I said, if you start spending a few billion in transportation, you are generating revenue for the Treasury, does that then just become extra money and the Treasury goes over to help pay for health care, Social Security, or could there be a gains sharing on some of that? I think it ought to be looked at as part of that.

And I think debt does matter. It has been mentioned, Mr. Gallegos has mentioned it in terms of their data, but look at the price of the inputs over the last couple of years, if you had had money and been able to maintain a steady program, your pricing on steel and cement and all of these other—fuel, asphalt, would have been much different; you would build many more miles with the same dollars had you been out there in the market.

One of the benefits of this stimulus is probably catching, timingwise, a pretty good time because a lot of those prices have come back down a bit. So there is a benefit for that. But we are happy to gauge long term on the important question you are posing.

Mr. DEFAZIO. Infrastructure investment on sale.

Mr. IRONS. I think when you look at the investments in infrastructure, they benefit the general economy. So looking beyond just a dedicated revenue stream I think is important. Looking at general revenues would be a valid way to find additional revenue for infrastructure spending.

The second piece is, these are investments, they fit the classic definition of investment; you invest money today, you get a return tomorrow. And as such, financing for these kinds of projects seems completely reasonable to me. So I think it is important to raise additional revenue to help finance this, but I don't think it necessarily needs to stop you from investing today.

Mr. DEFAZIO. Anyone else have a quick thought?

Mr. GALLEGOS. I would add to that, at a bare minimum, we have got to protect what we have got right now and at least look at indexing it, because I think the buying power of the gas tax is going down, we are not investing enough, and at a bare minimum, there are going to be no free lunches, but at a bare minimum, we have got to protect the buying power that we have today.

Mr. ABRAMSON. And I would just say that, when you are talking about a country that has an energy policy to drive less and drive hybrid, the paradigm has got to be changed in terms of how you are going to fund highways and public transportation, it simply has to be completely changed because it is out of sync with the rest of the policy that we are implementing.

And one of the things that you said, Congressman, I am not sure that I agree—in fact, I don't agree—with your statement that the States would be able to get those founds out much more quickly than the MPOs that you all set up for those local communities that understand where it is needed and where it is most effective to have——

Mr. DEFAZIO. What I said is, if Congress were to, say, direct money to the MPOs, there may be some who have projects ready to go, there may be others who don't. We thought if we sent it at the higher level, that the States would work in concert with the MPOs. We don't want the MPOs to be ignored, and perhaps we need to clarify that to the States.

Mr. ABRAMSON. And the STP funds, as it exists now, a portion of them go to the MPOs to be designated and developed. And we would hope that that would continue. We have great relationships with our brothers and sisters at the State capitals, but the reality is, as you all saw when you set up the NPO, the reality is the folks who have got the boots on the ground right there on the sidewalks in those intersections and in those metropolitan areas really understand in a much keener way, we would submit, the flow and the need of traffic enhancements.

Mr. DEFAZIO. Thank you. Thank you, Mr. Chairman.

Mr. OBERSTAR. Thank you for those very thoughtful observations, stimulating and very good discussion.

I just want to come for a moment to capital budgeting. In this room 20 years ago, my colleague on the Republican side, Congressman Bill Clinger from Pennsylvania, I was Chair of the Investigations Oversight Subcommittee, held an extensive hearing on capital budgeting. And in the course of the hearing, we had David Stockman of the Reagan OMB who said he was totally opposed to a capital budget. And we asked him why. And he said because if you establish it, then Congress will want to fund it. We said, we are funding it now aimlessly, without a plan, without priorities. And eventually he came around to the idea of a capital budget and said he would include one. And we moved a bill, ultimately, to direct establishment of a capital budget. But under the Reagan administration it became an annex to the U.S. budget, where it remains today.

Ten years ago, there was the Clinton administration commission to study capital budgeting, but it was staffed with OMB experts, so to speak. Well, they are the same crowd that if Castro came, they would grow a beard; they never changed, they never changed their mind. And it doesn't make any difference who is in the White House, the OMB crowd doesn't like this stuff. So we have to start all over again. We have to do, as Governor Engler, you said, and Governor Corzine, as you are doing—excuse me, with a beard—and establishing a capital budget. We have got to do that, and we will next year. We will move it from this Committee.

Mrs. Miller, you've waited a long time. Glad to have you here.

Mrs. MILLER OF MICHIGAN. Thank you very much, Mr. Chairman.

In fact, I want to make a similar observation to the question that you started out with, because the Congress is often criticized for our earmarking process, and sometimes justifiably so, but I think there are many, many earmarks that are really done with the best of intentions of local Members of Congress trying to make sure that their area gets attention that perhaps is not being—they think is not being directed from the governors sometimes. And so I would just mention, respectfully, that governors are not immune from subjective criteria, I think, sometimes, of where some of these funds are going. And even in our State of Michigan, under a former governor, the amount of administrative costs and many Federal resources that were sent back to the States were very low; they were maybe 6 or 7 percent.

Under our current administration, they take right up to 20 percent off the top for almost all the Federal resources that we send perhaps because of the budget challenges that we face, some of it may be understandable. But still, I just wanted to raise that concern because we do want to be certain that local municipalities are being heard very clearly in this process and that the funds are getting into the locals, as the Federal Government really wants to from a stimulating standpoint.

And I would also mention, and I think Mr. DeFazio mentioned about the match program. And I want to talk about that just for a moment because I will tell you, if we have any kind of criteria for match under this program, which we normally do, communities in my area, certainly in Michigan, we don't have a match. That is why we have this enormous backlog, there is just not the match. Everybody is just crying out for what are we going to do. We are leaving all these Federal resources on the table because we do not have the matches.

And actually, in the House, that we passed on September 26, I will just read this briefly, that "the Federal share payable on account of any project or activity carried out with funds made available under this heading shall be 100 percent of the total costs thereof." Unfortunately, this did die in the Senate, as was mentioned. It would have been a great thing to do before we broke for October here. And I just mention that because, if there is any comment on how important it is that there not be a requirement for a match, that it is greatly reduced or it won't be able to be utilized.

And also, just looking for a comment, you know, the highway funds are distributed under this current formula that we have. I am very sensitive to this because Michigan is a donor State. We did a little better in the last transportation bill, but we still are a donor State. And I just wonder if there is any comment on, if you really go to the core of economic stimulus, don't you want to put the dollars where it is most needed? And wouldn't it be most fair to be using a formula that is reflecting the current economics? For instance, a State that has the highest unemployment in the Nation, yet is not going to be getting the economic stimulus that other States that have less than half the unemployment rate that we might have in a State like Michigan, or the Governor mentioned almost 8 percent in New Jersey? What are the thoughts of the panel on really getting the economic stimulus to the States that need it rather than using a formula that does not reflect what the intent of the Federal Government is right now to help the patients who are really sick?

Governor CORZINE. Let me just make the point that I was projecting that I thought we were going in that zone. We have actually been paralleling the Federal or the national unemployment average. We are actually slightly lower than that 5.8 percent. But it is, I think——

Mrs. MILLER OF MICHIGAN. We wish we were at 5.8 percent.

Governor CORZINE. The comment that you put the money against the needs I think is a fair concept. We had that with regard to homeland security allocations of resources, which is a fair debate. And to some extent, particularly when you are talking about a stimulus package, that may be more the case than what you would do on an ongoing fundamental SAFETEA-LU or SAFETY-TEA, or whatever the next program will be called, where you have to have a more fundamental allocation of resources by the negotiation process that happens here.

But I think that—you point out that governors can have their own prejudices. I think what you need to do is make sure that each State has a process on how those funds are actually distributed that is objective and can meet some kind of criteria. And I think the Chairman asked me whether we were going to live with the kinds of allocations or distribution of funds as according to the historic submitted and approved projects. And I think that is one way that you could handle that.

We are certainly not trying to hurt our local communities; we want to work together on those. But you do have to have some kind of allocation process. And you have the same problem with one region versus another region. We have north and south Jersey getting all kinds of hootenannies about who is getting what in those kinds of projects. And so you need someone to make sure that standard objectives are allocated as we go across the entity that receives the money.

Mr. GALLEGOS. I would add that, in addition to just a formula, that having some performance metrics to ensure that the investment being made is generating the rate of return that you are looking for would be also helpful instead of a peanut butter approach that spreads it all over the country. But having said that, and at the risk of sounding more than just a Californian, but more like an American, is I think the interstate system is a good example of what makes it work as a system. And I think from my perspective, every time we get into a debate about which State won and which State lost, I think we all lose because we have got to figure out how to raise the tide so that we can develop a system that will make this Nation competitive globally. And for California, having a transportation system that works, but when we get to Arizona or Nevada or Oregon it doesn't work may not do a lot for us in the long run. So as we have those performance metrics, I guess I would advocate with you, Congress, that we need to have sort of a national vision and look as how we pull this together as a system.

Mrs. MILLER OF MICHIGAN. With the Chair's indulgence, I know I am running over my time, but I would like to ask one question, particularly of the Mayor—and by the way, I happened to be in your beautiful city for the Kentucky Derby 2 years ago, and bet Barbaro actually wins, first and only time ever been at a horse race. He only had $20 to bet, but he won. And I thought, what is the big deal with this horse racing? You bet, you win, you leave.

Mr. ABRAMSON. Nothing to it.

Mrs. MILLER OF MICHIGAN. I am kidding. But Louisville is certainly a beautiful, beautiful town.

And as you were mentioning about the performance standards, perhaps I could ask this question: The local communities are about to have, hopefully, a huge infusion of these transportation dollars, and there will be enormous public pressure to make sure that we have transparency, that the dollars are audited, that there is not waste, fraud, abuse, et cetera. And do you believe through the Mayors Associations, et cetera, that the communities are ready with project managers, that there is enough expertise on the ground? I mean, all of a sudden here is all of this, go make sure it is all spent properly. Is there a comfort level that we can have with that?

Mr. ABRAMSON. You know, over the years, we have had Federal programs like the Community Development Block Grant that we have had to dot the I's, cross the T's, be clear in terms of the transparency for not only our constituents, but for the Federal oversight that occurs. So there is no question about that, that we can follow that avenue.

What you are asking is, will there be enough project managers? And I can tell you that in terms of cities and counties across this country, if we are given the opportunity to be able to have these found funds where we are making a commitment to you that within 90 to 120 days we will be ready to go and they have already been reviewed, assessed, and the bridge needs to be fixed and the road needs to be widened and the school needs to have the library upgraded, et cetera, there is no question that additional project managers will come on as part and parcel of the overall program to ensure that we can dot the I's, cross the T's, and be transparent as you would request and as we would want.

Mrs. MILLER OF MICHIGAN. Thank you very much. And thank you very much, Mr. Chairman.

Mr. OBERSTAR. That raises a very important—before I go to the next member, Dr. Irons, if we don't follow strictly the allocation formulas for the Federal Aid Highway Program and the formulas that are established in the Transit program, how would you otherwise distribute these dollars; according to unemployment rate by State? Unemployment rate by economic sector? Unemployment rate by construction sector? Unemployment rate by industrial sector within States?

Mr. IRONS. That is a very good question. We can write as complicated a formula as we can dream up. You know, I would look, first and foremost, at unemployment rates as being an indication of the overall health of a State. So that would be the first place I would look. Now, you can look at unemployment rates by industry, by construction industry or other industries. First of all, I would hesitate to do that because I wouldn't want to get too precise because you are basing this on estimates and unemployment rates by sector by sector. And the more finely grained you get, I think the less accurate you can be in a lot of ways. So I might stop it at unemployment rate and use that as a guide to help allocate funds to different places.

But let me add to that that, in thinking about a recovery package, the infrastructure piece is only one piece of that package. And if unemployment extension is part of that package, that will automatically help States with high unemployment rates. If we have some assistance to States in terms of direct State aid through Medicaid formula or other formulas, that will provide aid to States that need the most help already.

So I just want to urge you to think about this in terms of a larger recovery package, not just as the infrastructure piece alone. But I think beyond that, if you were to write a formula, I would start with unemployment rate to begin with, and maybe look one level down at construction employment. But I think probably unemployment is the right level to be at.

Mr. OBERSTAR. Thank you. And Mrs. Miller, it is something that we will have to talk further about.

Now, Ms. Norton.

Ms. NORTON. Thank you very much, Mr. Chairman.

I have got one question for Dr. Irons, and then a question that is really for both Governor Corzine and Mr. Gallegos.

I had a town meeting in one of these rooms. Among those here was Alice Riven, who happens to be a resident—we are very fortunate for that—and a number of other Federal experts and local developers. You say in your testimony, Dr. Irons, that you think $75 billion is what you propose, but you can see that this would not fully even offset the losses. Ours, of course, is only $30 billion.

Now, Alice, although not at the town meeting because this question wasn't particularly asked of her, but I heard her say—as they say on CNN—that it would take several hundred billion dollars to have an effect on an economy of this size and on a crisis of this size. You say that you expect that doing, I suppose, the $75 billion could have a "swift impact on jobs and the economy."

Now, the reason I ask this question is I began to wonder. You talk about recessions in your testimony, page three of your testimony, since 1945, but you, I think quite rightly, focused on the most recent recessions. I am telling you, I find those figures absolutely frightening. You cite 1990-1991 and 2001, both of those recessions lasted only 8 months. Now, only 8 months, nothing like this kind of crisis. And you said it took the labor market 11 months to 30 months, respectively, to finally hit the bottom—I am not talking about recovery now, but financially sail on down to where it was going to rest. And you said further, with sluggish growth even hitting bottom, it took 32 months and 48 months to regain the total number of jobs that existed prior to the downturn.

You know, one reason one wonders, well, whether it would ever get back to that number of jobs—because some of it may have been falsely "created," and I am really trying to avoid the kind of disappointment we see at the bailout. People did not understand that we didn't know what we were doing, that we were dealing in a global economy, that we are feeling our way. We didn't even invest in the banks at first until Europe did. I mean, we know at least as little about what we are doing as Roosevelt did, and it took him 5 or 6 years to even get to a stimulus package because they were so afraid of inflation.

So I looked through your testimony to see whether or not you did what economists hate to do, which is to say, look, this is when we think you will begin, you in the real economy will begin to feel some impact of, God help us, $30 billion or even $75 billion. So could I just ask you to take, you know, call it a wild guess if you want to, but given the figures you have given us, the first thing I have to ask is, there weren't any stimulus packages then, were there, in those two recessions of any kind?

Mr. IRONS. There was a very small one that came right after President Clinton was elected, but it was nothing of the magnitude that we are thinking of.

Ms. NORTON. Because remember, those were back in the day when everyone thought that if you spent Federal money, whew, that is a terrible thing to do, you ought to be cutting taxes. Now, we at least are going back to the Keynesian notion that you have got to spend money when there is a recession.

All right. So we did nothing then. And what bothers me, Dr. Irons, is doing nothing got us these horrific figures. I really hate the one about 11 months to 30 months to even hit the bottom, when I don't think any economist of our stature would say that we are probably going to do that more quickly now. If so, please put that on the record so as to give me some hope here. But I would like to know your guess at how long people out there would say oh, yes, Congress has done something, I can tell it, as they are not saying yet because the bailout is harder to understand.

Mr. IRONS. Yeah, I come to this as somewhat of a pessimist, as you see from the testimony. Unfortunately, I am not out of line with the rest of my profession. The economists think that this is going to be a bad recession, that the 2001 recession, which recovered relatively quickly compared to past recessions, is not really in the cards. We had a construction boom right after the 2001 recession; this time we are going to have the opposite. We have seen the opposite. So I think the numbers are going to be at least as bad as I have presented there, which I am not happy to say.

Now, the question becomes, what do we do about it? And the package that I have proposed in this testimony and elsewhere is on the order of $175 to $200 billion spread out in a number of different policy areas, not just infrastructure. Other concepts are thinking bigger numbers, $300 billion to $400 billion. The economy is about $14 trillion, so you need to have a big enough stimulus to have an impact. The $150-200 range is about 1 percent of GDP. That is not going to solve your whole problem. It will make the bottom less bad, it will make the recovery quicker, but it will not stem the tide that we have seen already and that has been building, both with financial markets, gas prices, housing markets and the credit crunch.

So let me just add one piece, which is, I think the advantage of what you are doing here today is that people understand job creation through building roads, bridges, public transit, and doing everything that we have talked about here today. People don't understand the Wall Street bailout. I barely understand the Wall Street bailout, and I have studied this for a long time. People understand if you build a road, if you put a shovel in someone's hands, that creates a job.

And so I think the advantage is, if you put significant resources into creating jobs through infrastructure, people get it. And a lot of the economy is driven by confidence. If people see, okay, there is a package coming that is going to be putting people to work, that is going to create the confidence for businesses to start to invest again, that is going to create the confidence for banks to start loaning again. And I think the bailout package, from my perspective, was something that was needed, but it is not sufficient to get things going again. This kind of a project can really help to create a core in the real economy to make the recession shorter and to make it less steep. It is not going to solve everything, but it is a start.

Ms. NORTON. And I suppose you would say this is not a time to worry about deficits. We are going to keep deficits in line, but that has been the major, frankly, concern here, that you have to pay for everything, et cetera. Well, that was the Roosevelt mistake near the end of the '30s; they were calling it the "Roosevelt Depression." And that is when he began to do all the programs that stimulated the economy. And I hate to say it, but what really stimulated the economy was World War II. And, by the way, you are in a war now that is not going to do a thing because they are making these tanks and all the material throughout the world and not here.

Finally, Governor Corzine, I don't know if you listened as closely as I did to what Mr. Gallegos said about the regional approach. Now, my understanding is that approach is particularly effective in a large rural area. Here in the National Capital Region we have taken a regional approach to homeland security, a large portion of the Homeland Security money in particular. A lot of it has to do with things that if they weren't coordinated with the States would be wasteful.

I spent some glorious years in New York City and remember Port Authority, controlled by New York and New Jersey as I recall it. But I am wondering whether or not metropolitan areas, which seem to be dominated by big cities, but which also have rivers, have many kinds of projects, highways that cross boundaries, I wonder if there is any chance for Gallegos approach of regional work to be successful in big city areas which have regions around them which also are pretty citified, or whether it is more efficient for these areas to simply work piece by piece without that kind of coordination.

Governor CORZINE. Well, first of all, you mentioned one of the greatest success stories, I think, in America with regard to regional coordination, which is the New York/New Jersey Port Authority. It has its bumps in the roads on occasion, but we have a tremendous bi-state infrastructure, our highways, airports and ports, that is really quite extraordinary in the context of American infrastructure. We have something that works a little less well in the Delaware Port Authority, which is Pennsylvania and New Jersey, although, depending on the relationship of the Governors at a particular time, it works very well, or sometimes a little less effectively.

And there are a number of other regional transportation groupings that we have in the State of New Jersey that are really quite effective. And if we don't actually work together—I admire what is going on in Louisville and the county that surrounds it that the Governor—excuse me, maybe will be Governor someday—the Mayor actually believes is a classic example of looking for the economies of scale and the synergies that exist there.

So, yes is the answer. And I think, actually, the concern about this—and this is where the Mayor and I might disagree—I think the majority of States will use those resources through its existing facilities, much of which requires the collaboration of the State through these regional organizations to start with. If we were to receive the kind of potential support that has been talked about here this morning, we are going to use the facilities we have because that is where the priorities came from to start with. That is how we built those priorities and that is how we will fund those priorities.

So I think you have to be concerned about it because there will be situations where that cooperation hasn't been practiced in history, but I think it has very much so here.

Mr. OBERSTAR. I have to intercede at this point. We committed to Governor Corzine that he would be able to leave at noon. I think Governor Engler has a similar commitment.

I want to recognize Mr. Sires at this point for a comment or question, and then, Governor, we will hold you excused.

Mr. SIRES. I would also like to add, Governor, as you know, they just regionalized the Emergency Management Services between New York and New Jersey also. So it is a great example for the rest of America.

Governor, unemployment is rising across the country. In New Jersey, for example, I know that you mentioned before it went from 4.2 to 5.8. Knowing your efforts in the last few months and the investment that New Jersey has made, how would this stimulus package add to stop this rising unemployment, and how many jobs do you anticipate this will impact? I know that working on the Hudson-Bergen Light Rail extension, there are approximately 20,000 jobs that are there. But for the rest of the State, how is that impacted?

Governor CORZINE. Well, first of all, let me identify with Dr. Irons' remarks. This is one of those places not only can you see palpably what job creation will occur, because people are holding shovels, but it actually is the single best near-term way to put the economy into motion. Now, some of the other things that are included in Dr. Irons' package and others are going to protect the economy from shriveling in other areas. And I am not here saying don't do anything about Medicaid or Federal matching programs there or food stamps, but if you want to put the bridge to get us into a strengthened position and get the economy restarted, you used the word Keynesian, Ms. Norton, this is the time to do that. This is where you create jobs.

And I use a lower denomination, I use about 10,000 jobs per billion dollars for school construction and transportation projects in New Jersey. Other people I have seen 47,000. I have a hard time counting the heads that actually fit with that. But we are creating real jobs when you do what you all have already committed to do here in the House, and certainly out of this Transportation Committee.

You know, I passionately believe that you should take the steps that will allow us to bridge this recessionary valley that we are going through and do it in conjunction with our long-term best interests. It is not like we have overspent on maintaining the safety of our bridges or the adequacy of our highways or the air traffic control system or any of these things; these are things that we should have been doing anyway. So this is not make-work, this is getting us into a position where we are creating real work at a time when it would not otherwise be done.

And I am very sensitive to the pay-as-you-go and believe in fiscal responsibility, but this is one of those times if you thought $700 billion was necessary because there was a crisis, there is going to be a crisis—there is a crisis in the labor market, it is going to grow, as is demonstrated by history, and it is time to act on these issues.

I congratulate you for having this hearing and for what you are doing, and I hope we can get to a positive conclusion.

Mr. OBERSTAR. Thank you very much, Governor. Thank you for overstaying your time. And we hold you excused, and we are grateful for your contribution that you give both as Governor, Senator and as financier from Wall Street, which was discredited after you left.

Ms. NORTON. Mr. Chairman, could I hear the answers from Mr. Gallegos and perhaps Mr. Abramson to the question I asked before?

Mr. OBERSTAR. Briefly.

Mr. GALLEGOS. Very quickly, I would offer that the San Diego model, I don't think you need the San Diego, but if we look at that same model is working in Los Angeles, it is working in the San Francisco Bay area, it is working in the Sacramento area. And I would also submit that, as we try to tackle climate change, that

that is another element that I thing is going to force more of this regional collaboration because we have got to connect the dots between how we are using land use and transportation and energy policy and all these other policies have got to come together. And I think California has a good model to share.

Mr. ABRAMSON. And I would only add that the MPOs that you all set up do go across State lines. In my own community, you have an urbanized southern Indiana which is right across the Ohio River from Louisville, we sit with colleagues from the counties and cities in Indiana joining with us. And those kinds of area development approaches, where you have got to literally flow economic products, services and people back and forth across the river and throughout the region end up being very successful. And they have gone forward in many communities across State lines toward developing what we would all want for our hometowns.

Ms. NORTON. Thank you, Mr. Chairman.

Mr. OBERSTAR. Now Ms. Napolitano.

Mrs. NAPOLITANO. Thank you, Mr. Chairman. And I share some of the concerns that my colleagues have brought up, but I would like to ask Mr. Gallegos, one of the things that bothers me, Mr. Gallegos, is that the small cities sometimes do not have the ability to have a place at the table because the larger cities end up taking most of the funds and sometimes what is left is divided amongst many that cannot afford to have their own representation, their own ability to attract those funds.

You state that the stimulus would help regions across the country to implement ready-to-go projects, and the region States would benefit from concerted efforts to streamline Federal processes. I have a question about Federal process. What specific streamlining would you suggest, as a Sandbag—and SCAG would be the same thing, I would ask them the same question—what would be some of the processes that need streamlining to be able to effectively cut the time frame that would put these projects on the go immediately or at least within a short frame of time instead of having to wait, given that sometimes some of these Federal agencies do not have enough staff to be able to do the job?

Mr. GALLEGOS. I would offer as a very quick example, in California we have the California Environmental Quality Act, CEQA, that by a lot of arguments is just as complicated as the National Environmental Quality Act, NEQA, and yet we can get a CEQA level document done in our State project of moderate complexity in 1 to 2 years. The moment we Federalize that document—and we very often choose to Federalize them because we want flexibility to use as many different colors of money to make the projects work—it takes a minimum of about 5 years to get a NEQA document worked through the Federal level. And it is the same stuff, it is just more people are looking at it.

And there is a case in point where in the last bill you did do some streamlining, and you are sending some of that back to the States. But there is an example where you can cut a couple of years out of the process and still not hurt the environment.

Mrs. NAPOLITANO. Mr. Chairman, maybe we can look at that in the future.

But you also mentioned that sandbag issues bonds backed by sales tax revenues, and plans to continue issuing bonds backed by toll revenues. Any chance that the credit crisis would affect those revenues?

Mr. GALLEGOS. Obviously, yes. But I am very proud to say that we have recently received a Triple-A bond rating from the rating agencies. And I think the key to that is these are local decision makers that understand land use policies that are making decisions. And the credit markets are looking for these kinds of investments. The McCrorys of the world, as an example, are investing in these kinds of investments because they are steady; these roads are going to be there for a while, they are going go continue to generate revenue. And who better to put in control than your local mayors?

Mrs. NAPOLITANO. Well, coming from local government I couldn't agree with you more, because it takes time to filter down to the local level in many instances.

I would like to ask Dr. Irons, would you describe the type and number of jobs that would be created by additional infrastructure investment? And beyond the impact of jobs, if you would touch upon the link between the infrastructure investment and the increased productivity in economic growth, and its sustainability.

Mr. IRONS. Yeah. I mean, like I said in my testimony, when you create jobs through infrastructure investment, I think a lot of people think of those purely as construction jobs, but they do have a reverberating effect throughout the economy. Some early work that we have done, which is included in my written testimony, illustrates exactly what industries those jobs in.

The best we can tell, and it is very hard to link some of these jobs estimates, is that these are good jobs, meaning that they tend to pay above average based on what industries they are and some other characteristics of the people that are hired in those jobs. For example, I am giving you a number here, for every thousand jobs created in construction, there will be a total of 610 upstream jobs, meaning supplier jobs, as a result. Most of those are in manufacturing, retail, professional, scientific and technical services, administrative support, and waste management. So what we find is, when you look at how many jobs created and kind of jobs, they are very broad based, and they tend to pay slightly above average compared to an average job.

Mrs. NAPOLITANO. But given the situation we have found ourselves in the last almost 10 years—a decline in training, a lot of recidivism in some of the industries, loss of manufacturing—will we be able to have enough adequate trained personnel, adequate working labor to be able to fill, if we are going forth with all of these projects and putting this kind of money in, because then we may not have enough engineers to be able to complete the projects, we may not be able to have—I don't know, it is just something that I would like for you to address.

Mr. IRONS. My impression, and I have not done the research to fully substantiate what I am going to say, but it is my distinct impression that we do have the capacity out there to engage in this. Part of the reason why I say that is, is when you look at the job losses that have already occurred in the construction industry and in the manufacturing industry, manufacturing job loss is not just a recent phenomenon, this has been going on for years, construction, we all know what is happening with construction jobs from the housing downturns. So we have seen declines in two of the primary industries that would support this kind of investment. So that leads me to believe that there is excess capacity out there to engage in these projects. And frankly, I would love to test that; I would love to see if 75 billion, or however much, would exhaust our supply. I think it is going to take a long time to do that. But like I said, it is my impression that we do have the capacity out there.

Mrs. NAPOLITANO. Were you able to take a look at what happened back in—I can't remember the years, maybe in the '30s and '40s with the WPA, the circumstances about creating work projects to be able to get the economy going during that depression?

Mr. IRONS. In a lot of ways, the two time periods are not necessarily comparable, I don't think. I think a lot of the jobs that were created during that time period were more of the shovel variety of building roads, bridges, and using very simple technologies. A lot of the construction sites today are more high skilled in terms of the level.

Mrs. NAPOLITANO. Excuse me, Hoover Dam is not a small site.

Mr. IRONS. No, I agree. But there is a variety of resources that were created then compared to now.

So I think two things; one thing, I think there is capacity, but I think there will likely need to be some job training done—not necessarily this year, but next year or the year after, and without the jobs there, it makes no sense to train. So this is going to be a case where you have what is called a demand-pull in economics, where you have the demand for jobs, that will then lead people into the job market, it will create the demand for job training, and then, if we can couple these investments with expanded job training, that creates a recipe for a growing economy.

Mrs. NAPOLITANO. Where would the job training come from?

Mr. OBERSTAR. We are going to conclude on that point because we have two more Members and we have 14 more witnesses.

Mr. Cummings.

Mr. CUMMINGS. Thank you, Mr. Chairman. I want to approach this from another angle.

Mr. Irons, basically what I have seen, and I sit on the Government Reform Committee where we do investigations, looking at AIG and others, one of the things that I have noticed is that when the public see those hearings and hear about the misuse of funds, the bailout, they get very angry. And what is happening in our country is that there is a distrust on the part of government with regard to the bailout, And this is my concern. And I am trying to figure out how do we make sure we deal with this.

Here we have what I believe to be a project that we need to do—as a matter of fact, I would be very upset and disappointed if we don't do it. But how do we make sure that we put the kinds of provisions in there—and I think we all agree, several of you have said it, these are jobs that people can feel this, I think you, Governor Engler, talked about it, they know that this is happening and they feel good about it. And you said that, too, Mayor. But how do we make sure that they fully understand that it is just not for the construction worker, but it is something that is going to truly go to—as a piece of dealing with this economic situation?

Now, there are two other pieces to that. We know that two of the major problems is consumer confidence and investor confidence. How do you see what we are doing here impacting those things? Because this is very important. In other words, I want to make sure that when the Chairman is defending his portion of this bill, that he has every single argument that he can possibly have to say, okay, we are not only creating jobs, we are not only dealing with infrastructure, but we are also doing some other things, if you deem it appropriate, that we are helping to build up consumer confidence, build up investor confidence, which is very important. And what kind of provisions do we need to put in the legislation to assure that we are getting that word out? Do you follow me? And I see, Governor Engler—this is directed at either one of you, or both of you.

Mr. IRONS. I very much take your point. And I think the advantage that this kind of bill has, this kind of spending has is that this could actually get things moving—I echo the Governor's remarks. A lot of the bailout package that you have worked on is to stop things from getting worse. This is helping things get better. So I think that argument can be made very forcefully and I think it would help consumer confidence and investor confidence.

The other piece I would add to that as well is, if this is part of a comprehensive package, then I think it helps out consumer confidence and investor confidence. I think that the trouble we got into with the financial bailout package was, for this entire year, from AIG to individual investment banks, it was a piecemeal approach, we did one bank, we did another bank, and then finally we did a big $700 billion bailout package; of course by then things had gotten much worse. So I think this kind of a package, you know, has potential—I am not saying it will—but it has potential to restore some of the confidence on the investor side and the consumer side.

Exactly how you put in place the mechanisms necessary to create trust that this is going to have an impact is a really hard question. I don't think I have a very good answer for you. But I agree that whatever we can do to do that, I think it is important to go ahead and do that.

Mr. CUMMINGS. Governor Engler.

Mr. ENGLER. I think it is probably more of a political question than an economics question because I think you are touching on something I think is really important. I think it is the performance of elected officials and their institutions, and it is at every level. And so this is one that offers an opportunity to engage, as you have done today with this panel, a governor, a regional official, a local official, and to talk about really a partnership that is being formed. That is what you are offering. And the creative way in which you are structuring this is to say, look, in the immediate right now, we have got projects ready to go, local projects across the country are going to get built, local officials are going to defend those, and they are going to be on board with this. And I think that is how you deal with the idea.

And I think Mr. Chairman mentioned it and Mr. DeFazio mentioned it, and actually Mr. Mica did as well, the transparency of the letting the people who are going to be getting this money to put a list out there within a certain number of days, and be open about that. I think all of that shows that you are acting, you are not micromanaging, you have set some policy guidelines from Washington, you have made some funds that are urgently needed available.

And then the local people engage, and they help sell that story. And frankly, that is something they can do on this issue that they couldn't do on the rescue package. I know in your case, your meeting with Drew Greenblatt, you listened very effectively and communicated that. But I think on this one, you get a lot more help because people actually understand it and they can explain it right alongside you. I have watched some of the Members out on the trail try to explain this rescue package, and it is painful. And it is not their fault, it is just so big and so globally interconnected it is very difficult to say, by voting this way or that way this is what changed.

Mr. CUMMINGS. I see my time is up. Let me just close with saying this. We really need to emphasize the things that you all have said this morning, that if you get one construction job, it then has the benefit of having this rippling effective to all of these other jobs. And I think that is the kind of thing that we really have to get out, too.

My time is up. Thank you, Mr. Chairman.

Mr. OBERSTAR. The technical answer to the gentleman's question is to introduce into this process, which I have directed staff to undertake, is to have a monitoring mechanism that we will have a report on the progress of implementing this legislation within 2 months of enactment, what is happening to these dollars—and maybe it is 3 months. And then every month to have a report on progress on these projects. It is something that I learned from the Local Public Works Act of '75, and then of '78, that we were weren't able to measure—I held hearings on this subsequently—we weren't able to measure month to month or 2-month or 3-month periods the progress being made. Only at the end did we come back and evaluate, and then we had reports from the GAO and the inspectors general and said, oh, well, you should have done these things.

Well, we have learned some of those lessons. We need to reintroduce them into the process and to have a monitoring. That is something we are going to do in the next transportation bill; we are going to have to have a periodic progress report on investing of those next transportation dollars so that when we come to the end of the 6-year period and then scratch our head and say why is this transit project still taking 14 years to get off the ground? Why is it taking 3 years to do a one-inch overlay on a rural road? Governor, you know from sitting in that Governor's chair that is not a pleasant question to answer. Well, I don't want to have to have us answer to those.

Ms. Edwards, you have been very patient.

Ms. EDWARDS. I just want to point out that, in addition to other pointy-head economists, Paul Krugman notes in The New York Times on October 17th that this is exactly the environment in which we need to engage in deficit spending to support infrastructure. And I just want to quote here that he notes, "This is a good time to engage in serious infrastructure spending which the country badly needs in any case. The usual argument against public works as economic stimulus is that they take too long.

By the time you get around to repairing the bridge and upgrading that rail line, the slump is over and the stimulus isn't needed."

And he concludes that, "The responsible thing right now is to give the economy the help it needs," and he is directing whomever the next President is and certainly this Congress now that it is not the time to worry with the deficit.

And so, Dr. Irons, I want to go back to your point on this kind of deficit spending and ask you, what is the harm if we sort of overshoot the mark, in terms of spending for transportation infrastructure, especially if that is exactly what we need over, you know, a course of time?

Mr. IRONS. Well, of course, the harm is you might have safe roads, efficient transportation, clean schools.

[Laughter.]

I am of the variety that these are investments that need to be done, let's do them sooner later than rather than later, let's create jobs now. And I think a lot of the spending is money that would spent anyway. Let's accelerate it to the current time, where we need it the most.

So, in the long run, I think we should view this as moving money from future years to current years. And what we really care about is the long-run deficit, not the deficit of this year or next.

And so I think it is important to have some level of fiscal responsibility over the long run. But this is exactly the point in time. And Paul Krugman, having just won the Nobel Prize, I think maybe we should listen to him on this. This is not the time to worry about the short-run deficits. We have long-term challenges that everybody knows about, but this is not the time to worry about those.

Ms. EDWARDS. Thank you.

I am curious on transportation construction industry jobs. We have a set of folks who are, for those 120-day projects, they are moving ready to move into those jobs right now because they have lost their jobs. And then we have a set of projects that need to be invested in that may be 6 months and out for a whole bunch of folks who need to be trained up for those jobs.

And so, wouldn't you agree that we need the investments in that job training at the outset, so that by the time those jobs are created 6 months down the line we have folks in the workforce trained up and ready to go?

And, again, these are complex jobs. These are not, you know, the pitch and shovel jobs of old. Transportation industry jobs now are incredibly complicated, and we need to train up a workforce for them.

Mr. IRONS. Yeah, I absolutely agree with that. I think it is especially true when you look at a lot of the efforts now on green jobs. And there is, I think, an aspect of green infrastructure, green transportation. And a lot of these jobs are more skilled jobs than just working with a shovel.

So I think you are absolutely right. If we know we are going to have to fill some of these jobs because we have the demand for the jobs through investments that might get done soon, we should put into the pipeline training so that we can take advantage of those opportunities down the road.

Ms. EDWARDS. And lastly, I would appreciate a comment from any of the other panelists. We had a hearing just a few weeks ago on regional planning processes. And I am curious about how one could prioritize those kind of projects that have value in a region that may cross States, say, the I-95 corridor in this region. Or we talked with a mayor in Denver about their transportation project. That we might find a way to privatize those things that have broader consensus within a region that have a deeper impact across State lines.

Mr. GALLEGOS. Maybe I could share at least how in San Diego, I think the key to this has been trying to establish, adopt an evaluation criteria before you start politicizing who screams the loudest and what gets what project. And so we have been blessed in that our elected officials have bought into adopting the evaluation criteria before we start for the call of projects.

And, quite frankly, that has allowed us to be disciplined and make sure that we are not just spreading the peanut butter around, but that we are going doing what I call "wow" projects—"Wow, it finally get started," and, "Wow, it is done," and, "Wow, it works"—because we are making these corridor investments and we are not just sprinkling the resources around the region.

But I think it starts at the regional level with having really good evaluation criteria to help you ground yourself on how you make some of the investment decisions you make.

Mr. ABRAMSON. And I would also say, since the work was done by Bruce Katz over at the Brookings Institute, to focus on metropolitan economies and to understand that really the economic engines of this country are no longer just a State or a county or a city, but they are metropolitan areas, wherever they may be located geographically, to create the jobs, to create the economic growth, and it goes on and on.

So, to me, that is the future. And, to me, that kind of thinking, you are hearing it among mayors and county officials more than ever before, getting beyond the sort of parochial approach and realizing that we are an economic unit outside my border, across the Ohio River into Indiana, into rural counties surrounding me. And all of a sudden now, we are in this together. And we begin economic development approaches as a region, we begin investment in roads as a region, education as a region.

That is going to keep the strength of those metropolitan areas to help this country move out of the present economic crisis into a much brighter day for America.

Mr. ENGEL. My comment, just to close the door, goes back to the workforce. Just a caution: On workforce training, it is very important to have the long-term funding in place. We have done way too much workforce training in this country for jobs that weren't there.

And so I see it as not as requisite a part of a short-term stimulus package but essential, given the demographics of our workforce, to longer-funded—when we get into reauthorization, we start thinking of a 10- and 20-year strategy. Then there are all kinds of opportunities, and we really can talk to people about having a future.

But to train them up and know not know there is a long-term program at the back end of that training ends up leading to disappointment. And we have had plenty of that in those kinds of programs.

Ms. EDWARDS. Thank you.

I think my time has long expired.

Mr. OBERSTAR. Thank you.

And, on that point, Governor, closing the door, we are going to be closing the door on this panel. But Mr. Mica and I have both talked about that very point you raised, of training. The building trades have a great relationship with the construction industries in which jointly they develop training programs. And in the TEA-21, Mr. Shuster suggested and I concurred that we establish funding for the building trades. We created 3 million jobs in that 6-year period.

Mr. Mica, our Ranking Member, do you want to close out this panel with any observations or questions?

Mr. MICA. Well, again, I appreciate their coming out. I think we all see the need to move forward, move forward in an expedited fashion.

One of my concerns is the thing getting bogged down. In fact, I just, while we were talking, I got this picture. This is an 80-foot, 60-foot, I guess, fiberglass bunny. I guess you could term it an infrastructure project, but I guess it is going to be a nice art addition to the Sacramento airport, is it? I have to make sure I get this right. They voted 3-2 to put this up.

But, you know, we don't want fiberglass bunnies being financed by a stimulus package. This may be well-intended. It may be very good art. But someone just told me that this is a project being promoted by an entity. And we have to put protections in that we do create jobs and that we do build the infrastructure but not support things or, again, pork kind of projects that don't merit Federal investment of hard-earned taxpayer dollars.

I can't submit the red bunny for the record, but I have a story about it that we will put in the record.

And I thank you all for being with us.

Mr. ENGEL. We will just hop on out of here.

Mr. MICA. You are going to hop out of here?

Mr. OBERSTAR. I would assume that that bunny is in the terminal, it is not on the air side of the airport and not eligible for AIP financing.

Mr. MICA. I hope and pray.

Mr. OBERSTAR. No, it is not.

All right, I thank this panel for their splendid contributions. We will come back to you at a future time.

Governor Engler, we look forward to working with you next year in the authorization bill on a whole host of ideas that we have discussed and that you have expressed here.

And, at this time, I ask unanimous consent to include in the record a statement from the California Association of Sanitation Agencies and from the city of Pico Rivera, relevant to the statement that they submitted by the gentlewoman from California, Mrs. Napolitano.

Our next panel includes the Honorable John Porcari, Secretary of Transportation with the State of Maryland; Dr. Beverly Scott, now Chair of the American Public Transportation Association and general manager of MARTA and a friend of long standing, a dear friend of long standing.

It is so good to see you, as is Dr. Porcari.

The Honorable Judith Enck, Deputy Secretary for the Environment, State of New York; Mr. William DeCota, director of aviation, Port Authority of New York/New Jersey; Mr. William Crosby, chief operating officer for AMTRAK; Mr. Andrew Herrmann, senior partner, Hardesty & Hanover, American Society of Civil Engineers Board of Directors; and Mr. Thomas Kiernan, president of the National Parks Conservation Association.

I am so glad to have all of you here. And thank you for your patience. We initially had thought we would have a lunch break, but 1 hour of statements by Members, 2 hours for the previous panel. Happily, we are not interrupted, as we usually are in hearings, with votes on the House floor and motions to do this and that, so we can continue uninterrupted. And we will just continue without a lunch break. Those who are hungry can enrich the Rayburn cafeteria, if you wish. It is right one floor below us.

And now we will begin with Mr. Porcari.

Thank you very much for being here. It has been a pleasure working with you over the several years that you have served the State and served the cause of transportation nationwide.

TESTIMONY OF HON. JOHN D. PORCARI, SECRETARY OF TRANSPORTATION, STATE OF MARYLAND, ON BEHALF OF THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS; BEVERLY A. SCOTT, CHAIR, AMERICAN PUBLIC TRANSPORTATION ASSOCIATION, GENERAL MANAGER, METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY (MARTA); HON. JUDITH ENCK, DEPUTY SECRETARY FOR THE ENVIRONMENT, STATE OF NEW YORK; WILLIAM R. DECOTA, DIRECTOR OF AVIATION, PORT AUTHORITY OF NEW YORK AND NEW JERSEY; WILLIAM L. CROSBIE, CHIEF OPERATING OFFICER, NATIONAL RAILROAD PASSENGER CORPORATION - AMTRAK; ANDREW HERRMANN, SENIOR PARTNER, HARDESTY & HANOVER, LLP, MEMBER, BOARD OF DIRECTORS, AMERICAN SOCIETY FOR CIVIL ENGINEERS; AND THOMAS C. KIERNAN, PRESIDENT, NATIONAL PARKS CONSERVATION ASSOCIATION

Mr. PORCARI. Thank you, Mr. Chairman and Ranking Member Mica and Members of the Committee. I am John Porcari, secretary of the Maryland Department of Transportation.

I am here today on behalf of the American Association of State Highway and Transportation Officials. We would like to thank the House leadership for aggressively moving forward with an economic recovery package and for this hearing today on how infrastructure investment can have an immediate and long-lasting impact on our economy.

Today I would like to cover three points. First, an immediate and long-lasting economic gain can be realized from investing in our transportation capital assets across all modes—highway, transit, rail, aviation, ports and waterways. Second, the unprecedented fiscal crisis already facing at least half of the States is taking a toll on our ability to preserve, maintain and operate our transportation systems. And third, States have highway and transit projects that are planned and ready to go, and the construction industry has machinery and people ready to go to work. These projects can support thousands of good-paying American jobs. Congress can help get projects moving.

I point out that capital investments are fundamentally different from other kinds of government spending. Transportation dollars are converted to physical assets that will last 50 to 100 years to provide future generations with a modern, globally competitive system. Such investments create and maintain well-paying, made-in-America jobs. Getting projects under way this winter and spring will support much-needed employment and put vital equipment back into operation.

We would respectfully suggest that the economic recovery package contain two types of transportation infrastructure projects: first, the quick turn-around projects, such as bridge re-decking or pavement resurfacing, for which bids could be awarded within 120 days. With funding, more than half of the States could initiate construction in late winter or early spring on these projects. States with a year-round construction season could work over the next few months, as well.

Second, we need funding for more complex, larger projects that are ready to go but may need up to 6 months to award bids and begin construction. In Maryland, for example, we could obligate within 120 days nearly three dozen highway projects, costing approximately $150 million. One, for example, would overlay a three-mile section of an urban interstate, which would add 15 years to the pavement surface life. We know we need to do this now; we are not able to do it now. We have similar projects in our rural areas.

Today's economy, coupled with last month's unprecedented Highway Trust Fund cash flow crisis, has resulted in ever-increasing numbers of postponed or cancelled projects nationwide. As you know, 9 months ago, States identified more than 3,000 projects totaling over $18 billion for which contracts could be awarded within 90 days. Today, that number in dollar value is considerably greater.

Due to State budget crises, almost half the States have been forced to shelve projects, reduce services and eliminate State agency positions. In Maryland, we have deferred $1.1 billion in transportation capital projects in our 6-year capital program because we simply do not have the State revenue to proceed.

Last month's cash shortfall in the Highway Trust Fund and crisis on Wall Street has had a chilling effect on the municipal bond market as well, tightening States' abilities to move forward with critical projects. Maryland has postponed $425 million in a GARVEE bond issuance. We are hopeful that recent activity in the market will allow us to move forward with a bond sale sooner rather than later. Today, we simply do not have the State revenue to proceed.

While the funding we are discussing today will not alleviate the problems in the bond market, this new infusion will dramatically help States address some of the immediate needs in their infrastructure programs.

AASHTO supports emergency funding, as well as the following program adjustments to accelerate the transportation investments: First, temporarily suspend the 20 percent State matching requirement on Federal funds. Second, apportion the funds to States based on their overall levels of apportionments or using the obligation authority formula. A category-neutral apportionment is needed, as well. And third, Congress must eliminate this year's $8.5 billion proposed rescission of contract authority that is required in SAFETEA-LU. That looming rescission has caused many States to delay project planning and contract awards.

Beyond highway projects, States have critical needs in transit, rail, maritime, aviation infrastructure and the like, such as resources for the Army Corps of Engineers to maintain the proper depth and width of shipping channels, system preservation for transit, as well as funds to accelerate safety and operational improvements, and passenger rail projects under the Intercity Passenger Rail Program.

Mr. Chairman, these infrastructure investments are literally the foundation of America's future economic growth and prosperity.

Thank you for listening. The State departments of transportation are happy to work with you and your Committee and the Congress on this important legislation. I will be happy to answer any questions you may have.

Mr. OBERSTAR. Thank you very much, Mr. Porcari. And, of course, I will have some questions later, but I can't resist an observation.

You referenced providing sufficient resources for the Corps of Engineers. As Mr. Mica said at the outset, we overrode the President's veto on that water bill, the Water Resources Development Act. But then the President didn't include a single one of those 920 projects in his budget for the current fiscal year, not a single one, none. It was almost an act of spite: "You override my veto, I won't fund the projects. You figure out a way to do it, Congress." Now, that is not acting in the best public interest.

There was an overwhelming vote by the House, by the Senate, to proceed with those investments that are necessary, to restore the Everglades in Florida, restore the wetlands in the gulf, protect against hurricanes, the levees in Louisiana and all along from east Texas through to Florida.

And as Governor Engler referenced earlier, the locks on the Mississippi River; there are five locks that slow down—because they were built in the 1930s, 600-foot length. Barge tows are 1,200 feet. It takes 820 hours round-trip from northeast Iowa to bring grain through the export facility in New Orleans. You need a second lock at Sault St. Marie in the Great Lakes to facilitate downbound grain and coal traffic and downbound iron ore to the steel mills. We need to upgrade the St. Lawrence Seaway. We have work on the east coast, the ports in your State of Maryland, the port of New York/New Jersey.

All of these, we would have had people working if the administration had put money into it and respected the will of the Congress, which is the will of the people.

Dr. Scott, thank you very much for being with us.

Ms. SCOTT. Thank you, Chairman Oberstar, Ranking Member Mica and Members of the Committee.

I do not have to tell you how much our national public transportation industry and American families across our country desperately need your continued leadership as well as your urgent and bold action to get America moving. We firmly believe that your leadership, combined with plain old American grit, ingenuity and tenacity, must combine to turn this economic crisis and set of serious global environmental challenges into an opportunity to be better, do more, and hopefully keep the faith by providing for future generations what our parents did for us: hope in the future by planting the trees whose shade most of us will not live under.

Today, with the impact of fuel costs and the devastating economic uncertainty from failing banks and falling stock prices, people from all walks of life in communities of all sizes from everywhere across our country are looking for immediate relief to help with basic necessities, like daily transportation needs that can unfortunately consume up to 25 to 30 percent of some household incomes—common-sense solutions and long-term investments that significantly move the needle on our economic prosperity, overall quality of life andunquestionably restore America's premiere global position.

Candidly, while I am not much of a betting woman, I often say that if I had only one sure bet to make that would appreciably move our national needle forward, I would place that bet on a significantly greater investment in national public transportation infrastructure and services and, in so doing, provide much-needed affordable transportation options to immediately help the household budgets for millions of Americans, put Americans to work, improve economic competitiveness, help our energy independence and homeland security, and positively impact our environmental sustainability.

As you prepare for our next Federal transportation authorization, your work to make transportation infrastructure a critical element of this stimulus package will help to set the stage for that critical legislation.

In my own State of Georgia and across the Nation, transit providers are stretching every available dollar to meet the rapidly increasing demand for transit service. Last year, 10.3 billion trips were taken on U.S. public transportation. That is the highest number of trips taken in 50 years, and ridership continues to soar.

Unfortunately, many transit projects on the drawing boards are unfunded because of a lack of dollars at the State and local levels. So your earlier discussion today about local match relief for these critical investments is vitally important.

APTA has just completed a new survey of transit systems, and it identified a minimum of $8 billion in ready-to-go projects that could move ahead within 90 days. These projects will create new economic activity and put thousands of people to work building much-needed infrastructure.

In the Atlanta region, MARTA carries more than 450,000 passengers per day, or the equivalent of moving the population of the entire city of Atlanta every day. We provided service for over 14 million customers in September of this past year, which was a 13.3 percent increase over the prior year. And other regional transit providers, like the Georgia Regional Transportation Authority, Cobb Community Transit, and Gwinnett County Transit, are also moving additionally thousands and thousands of more people and cars off of our congested freeways every day.

I want to cite just a few examples of how transit agencies across Georgia could make immediate use of an increased Federal investment.

The Columbus transit system, METRA, could immediately use $900,000 to acquire three replacement clean fuel buses. And Hinesville Liberty County, home of Fort Stewart, could use 200,000 to purchase smaller passenger buses under an existing contract option.

At MARTA, we could use stimulus funding for several facility projects. We have an immediate need for $12.4 million to construct a new park-and-ride facility in suburban DeKalb County, which is the most densely populated county in the State of Georgia. This project's design is complete. Construction could proceed within 90 days of our ability to be able to, in fact, have increased funding.

In Clayton County, the ridership has been absolutely staggering. They need to immediately wind up increasing by an additional 12 buses.

These projects in Georgia are just the tip of the iceberg. I have many projects that we noted in my testimony. Just to highlight some from other parts of the country, not surprisingly the Chicago Transit Authority's ridership has also grown exponentially, up 21 million rides compared to 2007. They could immediately use $166 billion to replace aging buses with New Flyer diesel-electric hybrid buses. With another $18 million, they could quickly begin a much-needed track renewal program. And California, the Capitol Intercity Rail Corridor can immediately use $6 million for construction at the San Jose rail station.

But the reality for us is, unfortunately, today, as the demand and the desire for public transit is clearly on a significant rise, many transit providers are currently being forced to choose between raising passenger fares or cutting service to make up for shortfalls in local funding and the increased cost of diesel fuel. Thirty-five percent of transit providers in a recent survey conducted by the American Public Transportation Association reported that they have cut their services or are examining that possibility. And many others are having to do the same thing as it relates to fares.

Here is just one example. Very recently in Eugene, Oregon, Lane Transit, they have in fact experienced a 17 percent increase in terms of ridership, and at this point in time they are having to look at making a 15 percent reduction in service. So there are Lane and hundreds of systems like Lane Transit across this country that are trying and wanting to do more and are doing more with less but they cannot make bricks without hay. And an increased investment is urgently needed.

So we applaud your efforts, Chairman Oberstar, Ranking Member Mica, Mr. DeFazio, and the other sponsors of the Saving Energy Through Public Transportation Act of 2008. This bill provides important relief for transit systems facing severe cuts, and it is essential that its provisions be included again in the next stimulus bill.

I am going to go very quickly.

As you are likely aware, in addition to shrinking local sources of transit funding, 31 of the Nation's largest transit systems in 18 States, including MARTA, are facing an immediate financial crisis as a result of the current trouble in the credit markets that is resulting from the lease-in/lease-out sale-leaseback transactions that were largely conducted in the 1990s through 2003, 2005. These transit agencies, through no fault of their own, are being forced into technical default on these deals, because AIG and other insurers who served as guarantors for the leased assets in the deals have lost their credit ratings.

The effect of this spend-down, if you will, wind-down, could in fact have as much of an implication as somewhere between $2 billion to $4 billion on local transit agencies. We are not the only ones who have entered into such transactions. We would suggest that if you look at many municipalities across the country, there could be unintended consequences as a result of some of these actions.

So what we are asking is that the U.S. Treasury has the power under the recent bailout package to take over the role of AIG and other insurers in SILO/LILO transactions. We hope to work with this the Committee to contact Treasury and urge them to act on our behalf immediately. And if that fails, we will certainly be looking to work with you to have a specific legislative remedy.

In spite of all these challenges, as a veteran of more than 30 years in this industry, I can honestly say that what we are experiencing is a transit renaissance. We have more riders now than any time in the last 50 years and increasing numbers of Americans who would use transit service if it were reasonably available.

There is a growing national recognition of the need to preserve our environment for future generations and an understanding that changes in personal travel behavior and freight movement that reduce carbon dioxide emissions are key. And finally, there is recognition that we cannot build our way out of traffic congestion any more than we can rely on just gasoline for our future energy needs.

We urge the Congress to move forward with an economic stimulus package that recognizes the value of investing in our Nation's public transportation infrastructure. This is the kind of essential public investment that provides both a vital and common-sense set of real solutions, and, in the final analysis, an investment that keeps on giving by making it possible for people and communities to help themselves.

Thank you very much.

Mr. OBERSTAR. Thank you. Your complete testimony has a great deal more detail that is very, very valuable for our purposes.

Ms. Enck?

Ms. ENCK. Good afternoon. My name is Judith Enck. I am Deputy Secretary for the Environment in the office of Governor David Paterson. Thank you, Chairman Oberstar and Members of the Committee. I really appreciate you shining the spotlight on these issues. And I am going to talk about water, where we have severe funding needs, specifically wastewater infrastructure.

Today in New York, we have 200 municipalities that are under consent orders for violations of the Clean Water Act. Typically, these communities are discharging inadequately treated raw sewage into our waterways, and they are doing it because they don't have the money to upgrade their sewage treatment plants.

I believe that this is the environmental sleeper issue of the decade. I believe that the public doesn't know the full scope of this problem. If they did, I think they would support investment in wastewater infrastructure.

And, more interestingly, I think they would also support investments in green infrastructure. We need to lay the pipes, but we also need to take some common-sense, environmentally sustainable steps to deal with wastewater and storm water.

Our wastewater infrastructure is in dire straits. One reason is because Federal funding has declined 70 percent—70 percent—over the last two decades. This inadequate investment today is putting the environment and public health at risk. Sewage is harmful to public health, the environment and the economy. It contains viruses, bacteria and toxins. And if people have contact with polluted water, they can be exposed to a range of water-borne diseases.

Today, in New York State, one in seven water bodies do not meet water quality standards. Beach closings are a regular event, including in many tourist towns. We have 70 major shellfish beds that remain too polluted to use, and that is really hurting our commercial fishing industry, particularly on Long Island.

The Governor requested with the legislature, our DEC, to do a study of wastewater needs in New York. So we did this study last year and found that New York State alone needs $36.2 billion over the next 20 years to upgrade our sewage treatment plant and make a commitment to green infrastructure.

New York is not alone. The Association of State and Industrial Water Pollution Control Administrators recently surveyed States. They found, of the 25 States that responded, there was a $9 billion need from these 25 States for projects that are ready to go today. So this is not just over long span of time, but projects that could move right away.

When it comes to this water pollution challenge, I am afraid we are facing a perfect storm, because States like New York are facing unprecedented budget deficits. Governor Paterson testified this morning, documenting that our State is facing a $12.5 billion deficit next year alone, and we project a $47 billion deficit over the next 3 1/2 years. Our State has never faced a deficit of this level. So we very much need Federal funding in this area.

I want to specifically say that, in New York, we have 412 projects ready to go if only we had the funding. And the way we do our SRF, we leverage the funding, so we spread the dollars out more. We have a number of applications before us and believe that this year we can only fund 16 percent of the applications before us.

Making these commitments will also create scores of new jobs. Various analysts say that some 30,000 to 47,000 jobs are created for every $1 billion invested in infrastructure. We very much need these jobs in New York, particularly in upstate New York.

One final point: My written testimony has lots of examples of projects that are ready to go today. We think that reinvigorating the Clean Water SRF through the legislation that you introduced earlier this year would go a long way in addressing the problem. And we are particularly interested in the loan forgiveness provision for hardship communities.

We are also very interested in green infrastructure improvements, whether it is vegetated wetlands, tree plantings, porous pavement. These are all strategies that not only reduce runoff and save tax dollars in treating the runoff, but they also improve the quality of life in our cities. When you think about the majestic lakes and rivers and bays in your home State, the public has a real affinity for these natural resources. They don't want them degraded. There is a real aesthetic value to it, along with an economic value.

New York depends a lot of tourism. We have communities up and down the Hudson River where, not long ago, people didn't want to live or play or recreate or work in these communities. And because of the investment in improving wastewater infrastructure plans up and down the river, these waterfront communities are now magnets for economic growth. So not only do these investments make environmental sense, they also make economic sense.

We know the State has a role to play, but getting an infusion of cash into the SRF program is absolutely critical.

Thank you very much.

Mr. OBERSTAR. Thank you very much for your testimony and for the wealth of detail you provided with it.

Mr. DeCota?

Mr. DECOTA. Thank you very much, Mr. Chairman. I want to thank you, I certainly want to thank Ranking Member Mica and other Members of this Committee for holding this hearing.

You have heard from a lot of different industries. I am representing my own airport system, ostensibly one of the largest airport systems in the world, but also the other 439 airports in this country in discussing infrastructure needs.

I don't need to tell you about the economic challenges that have confronted the airline industry, which, of course, have also impacted airports themselves—the decrease in air travel, upon which we depend for revenues, the slowing economy, the financial market crisis. This Committee recognized that early. In fact, the House did include $600 million in additional AIP funding in the last economic stimulus bill that the House passed in September. We appreciate that very much, because you were very early in the process of recognizing the need for investment.

And as Congress considers a second economic stimulus package, I really can't think of any clearer linkage between transportation investment and the road to recovery than investment in infrastructure. The economic impact that such infrastructure has is absolutely enormous in terms of, not just the impact of the construction, the measurable economic benefit of the operations, but also the trade, the travel, the commerce, the tourism, the ripple effect is absolutely massive.

In the New York-New Jersey region alone, the aviation industry that is anchored around Kennedy, Newark, and La Guardia Airports serves more than 200 cities, serves 70 different countries. And it is all through that investment in infrastructure and it is all through the visitor spending. And it is 500,000 jobs, it is $20 billion in wages, it is $60 billion in economic activity. In fact, Newark Airport, Mr. Chairman, I will mention was developed in 1934 under a program similar to the WPA, which you discussed. It was built under the CWA. And that original terminal is still an active part of our airport. So you are absolutely on target.

On behalf of my colleagues at airports, I would like to encourage you to include the $600 million again in this economic stimulus bill, and even to consider something higher, perhaps $1 billion. The higher funding level would help stimulate the economy and create 35,000 jobs. It would expedite construction of critical safety, security and capacity projects across the country. And investing in airport infrastructure creates more than just jobs; it creates jobs in the community.

But airports don't just want funding. It is easy to come here and ask for a lot of funding. And we do need it. There is $50 billion worth of AIP-eligible projects which are in the pipeline. Many of those are ready to go. But we rely upon revenues as a source of—for capital development, but the biggest revenue source that we have for funds comes from the sale of airport revenue bonds.

The subprime mortgage meltdown and the credit crisis really has caused serious problems for airports. The bond market has basically collapsed. It has forced airports to defer bond-funded projects, and it has also created a situation where there are higher interest rates.

And, unfortunately, the Federal tax law unfairly classifies the vast majority of airport bonds as private activity bonds. As you know, interest payments on bonds from private activity bonds are subject to the alternative minimum tax. And basically we are asking you to consider recommending eliminating the AMT on private activity bonds, because that could help airports around the country save a lot of resources. It actually would have a much bigger impact on our ability to raise money with the revenues that we have and allow us to move forward with projects that we have postponed because of that.

Also, as a result of current market conditions, airports are facing a significant spike in debt service. They have limited refunding ability on that debt service and restructuring opportunities. We are also asking you to consider that, to mitigate the increase in financing costs, airports are urging you to include provisions in the next economic stimulus package that would give airports temporary flexibility on how they can use PFCs and AIP entitlements for debt service.

Now, being from the New York region, I also need to mention another potential challenge to airport investment which not only affects us as well as at least 25 smaller cities. And that really is the administration's highly disruptive proposal to auction off slots at airports controlled by the Port Authority. Not only do they not achieve the objectives that have been alleged by the administration of reducing congestion delays, but they really threaten investments carriers have already made, because they are going to lose slots, and how do they use the investment.

And we are very thankful to you, Chairman Oberstar and other Members of the Committee, for previous expressions of support.

Our big fear is that flying to New York becomes move expensive, it is less money available for travel, it is also less revenue coming into airports, and therefore an inability to invest. And withdrawal of the final slot rules is the only way to really help to meet the infrastructure goals of this hearing.

I regret the need to mention that. Instead, we really should be focused on expanding capacity of the system. That, obviously, is best done by investments. And another big investment we need to highlight is investment in the modernized air traffic control system.

I want to thank the Members of the Committee for passing a multiyear FA reauthorization bill that increases the PFC cap, increases AIP funding, and that would also help expedite next-gen improvements. We need to deploy next-gen technologies as quickly as possible, because an expanding aviation system that generates high-paying jobs underpins future economic growth and reduces congestion flight delays that has plagued the New York region is really part of that road to recovery.

Again, Chairman Oberstar, Ranking Member Mica, Members of the House Transportation and Infrastructure Committee, I want to thank you for allowing me to participate and represent airports. I can assure you that, with Federal support, we will maintain our commitment to our travelers, the communities we serve, that we will provide infrastructure to maintain regional economic prosperity and to meet current and future demand that will keep us on that road.

Mr. OBERSTAR. Thank you very much, Mr. DeCota. That was splendid testimony.

I just want to assure you that, while the Senate did not act on the aviation bill that we passed in September of 2007, it will be one of the first items of business of the new Congress. We will move it before the next administration gets its feet in the stirrups and can mess things up, whichever administration that happens to be.

Mr. Crosbie?

Mr. CROSBIE. Good afternoon. My name is William Crosbie. I am the chief operating officer for Amtrak. It is a position I have held since 2003. I am responsible for daily operations and for the engineering and maintenance work necessary to keep the fleet of more than 300 trains a day on track and on time.

As the first Amtrak officer to appear before this body since the President signed H.R. 2095, the Rail Safety Improvement Act, into law, on behalf of our president, Alex Kummant, and the 18,800 other employees of Amtrak, I would like to thank those Members of this Committee who played such pivotal roles in getting it passed. To Chairman Oberstar, Mr. Mica, Ms. Brown, Mr. Shuster, I would extend our heartfelt appreciation for all your efforts. We are confident that this act will do much to strengthen Amtrak and encourage more effective intercity passenger rail service in the years to come.

You heard a lot about growing ridership on the transit side in earlier testimony. We have a similar experience. You have heard a great amount of information in terms of infrastructure needs. You will hear in my testimony a lot about our needs.

And I heard earlier, too, a fact that there is this issue of timing of projects and getting the work done with the funding. Last year, for example, in Amtrak, in our engineering department, we spent 100 percent of our general capital, and we ended up deferring some projects because we did not have adequate funding.

I want to start by mentioning the growth in ridership we have experienced. Fiscal year 2007 was a record year for Amtrak ridership, and we broke that record in fiscal year 2008. Our total ridership grew more than 11 percent this year. And while some of that growth was on our traditional well-patronized Northeast Corridor, we have seen growth on corridors in the Midwest, California and elsewhere.

As the economy has softened, we have seen some drop in ridership on the NEC, and we are keeping a close eye on our other corridors. We are a little concerned about the near term, but we recognize that this is a moment to plan and invest for the future. These are long-term capital investments.

Rising gas prices have contributed significantly to our ridership growth. Railroads enjoy some inherent mechanical advantages, and those translate into economic advantages, particularly in a time of rising fuel prices. We do have some increased costs, but economies of scale allow us to move large numbers of riders without a corresponding increase in cost. And our Northeast Corridor services are electrified. Electrification allows us to run faster. That is not dependent on imported oil.

But the infrastructure is aging and capital-intensive and requires a program of continuing investment to keep lines and equipment in operation.

Amtrak needs five kinds of investment: investment in the Northeast, where we own the railroad and parts of the electrical infrastructure; investment improvements on existing routes; investment in our existing fleet; investment in new equipment. And if we are to fulfill the vision that is embodied in the recent Amtrak reauthorization bill, we are going to need money to expand our range of corridor offerings. That is the fifth category.

Our immediate capital needs fall into two categories: infrastructure and rolling stock. We have already budgeted for the return of 12 Amfleet cars to service in fiscal year 2009. And we would like to get all 81 Amfleet cars that are currently out of service back into service. This will help us deal with growing needs.

The infrastructure needs of the Northeast Corridor are also pressing. Currently, our engineering staff estimates that we could get to work relatively quickly on $70 million of projects previously submitted to the Committee staff; for example, station and facility projects requiring no special scheduling to avoid disruption to trains. And some of the work could be done by contracting with construction firms.

In addition to these projects, we have identified $87 million worth that could be undertaken if the money was forthcoming. Approximately $11 million of the $160 million total will be directed toward projects that could improve Amtrak's compliance with the Americans with Disabilities Act.

One area where we would invest is in our aged and aging mechanical facilities, particularly the Wilmington and Beech Grove shops, which are over a century old. Our mechanical facilities are in great need of improvement and rehabilitation, and targeted investment would improve working conditions and shop efficiency for a relatively small cost.

Our electrical traction system is one of our great advantages. It allows us to move trains up to 150 miles per hour. But much of this infrastructure dates from the 1930s. The frequency converters shown here on our Harrisburg line were installed in 1938. Failures in the electrical system can bring the entire railroad to a halt until we can substitute diesels or make repairs.

As part of the process of returning the Northeast Corridor to a state of good repair, we have begun reconstruction of the ventilation and access systems, and firefighting equipment for the tunnels that allow trains to reach Manhattan from north and south. We do not currently have enough money to fund the program at the desired level. But with the addition of around $11 million, it would allow us to continue the work of improving those systems that have not yet reached the end of their lifecycle and replace those that have.

Here is an example of one of the large station projects we can undertake. 30th Street station is the third-busiest station in our system. It is a registered historic landmark, but it requires significant exterior work. We estimate that the entire project of replacing and sustaining the facade will cost $32 million. The first phase is approximately $5 million, which would fix the facades that are separating from the exterior.

We are also preparing plans and specs for the next generation of equipment, the AEM-7 electric locomotives are the backbone of our Northeast Corridor service. The first one entered service in 1979, and they are approaching the end of their useful life. And our Heritage fleet of diners and baggage cars is far older; many of them date to the 1940s. We need to get 15 new sleepers for our single-level fleet, which generally operates on Chicago and Florida trains that terminate in New York City. The total cost for this will be around $540 million.

As you are no doubt aware, H.R. 2095 requires us to work with the FRA to implement Positive Train Control, or PTC, systems on main lines. I am pleased to be able to say that Amtrak is in the forefront of the industry in the introduction and use of PTC. And we have two active systems, the Advanced Civil Speed Enforcement System, which is used in the Northeast, and the Integrated Train Control System, employed on parts of our Michigan line. The cost of extending these systems to fully equip Amtrak-owned rolling stock and rail lines will be in the vicinity of $120 million.

However, we are concerned that the Federal Railroad Administration does not have resources to handle nationwide PTC, as required under H.R. 2095. As they are under a continuing resolution that keeps them at the 2008 level of funding, they won't have the opportunity to add resources until they get a budget. This could potentially harm our ability to move swiftly on Positive Train Control implementation.

I would like to close with one example that I would like to enter into the record, which comes from our partners in California, Capitol Corridors. They have a situation where they can put in some additional crossovers and upgrade the San Jose terminal, San Jose station, which helps with ADA compliance. And they have matching funds. And for a $10 million investment, you can turn it into a $60 million investment. So I would like to enter that into the record, as well.

I would like to close with Amtrak's needs in terms of the Americans with Disabilities Act. The total cost we estimate under the current guidelines is between $250 million to $500 million. If the DOT implements their proposed ruling, that will grow to $1.2 billion to $1.6 billion. If the money could be provided, we could probably get a fairly quick start on some of these projects, since much of the work would be done with outside contractors.

In closing, I would like to express my appreciation for the opportunity to testify. Our capital needs are significant. I think Amtrak has shown the ability to get work done on the Northeast and throughout the Nation.

Many of the projects I have discussed would quickly confer a range of benefits on the company, the Nation and the traveling public, reliability and safety foremost among them. I would urge you to consider them as you deliberate in the coming days.

This concludes my statement. I would be happy to answer any questions you might have.

Mr. OBERSTAR. Thank you, Mr. Crosbie. You have submitted a compelling case for Amtrak. And I would just like to supplement what I said earlier in the hearing, that, without Mr. Mica, we wouldn't have had this Amtrak bill.

And now, Mr. Herrmann.

Mr. HERRMANN. Thank you. Good afternoon, Mr. Chairman and Members of the Committee. My name is Andrew Herrmann. I am a senior manager at Hardesty & Hanover, which is a transportation consulting engineering firm headquartered in New York City. I am a registered professional engineer in 26 States and a member of the board of the American Society of Civil Engineers. I am pleased to appear before you today to testify on behalf of ASCE on the issue of infrastructure investment and economic recovery for the Nation.

This Nation faces a severe economic slump in the coming months. Many economists believe we are already in recession. Last week the chairman of the Federal Reserve Board told the House Budget Committee that further economic recovery legislation probably is required. Any economic recovery legislation should contain significant new funding for many of the Nation's aging infrastructure systems, which are the indispensable lifelines of our economy.

Such investments are desperately needed. Three years ago, ASCE's "2005 Report Card for America's Infrastructure" gave an overall grade of D to 15 critical infrastructure systems. We then said it would take an estimated $1.6 trillion to upgrade the existing infrastructure.

The state of the Nation's economy and its aging infrastructure have been well-documented from the Committee Members and the speakers today and in our written statement. I would like to spend the rest of my time discussing our recommendations to restore our infrastructure and get the economy moving again.

ASCE recommends $38.5 billion in immediate new infrastructure spending as part of economic recovery legislation. As part of that immediate investment proposals in surface transportation, recovery legislation should provide $18 billion for necessary reconstruction projects for the Nation's highway systems. There are more than 3,000 highway projects that could be implemented 30 to 90 days after enactment of your bill.

Wastewater treatment systems: Congress should authorize $6.5 billion for the repair and construction of publicly owned sewage treatment works. Any new funds should be distributed primarily in the form of grants or negative interest loans for ready-to-go projects based on the local communities' economic situation.

Waterways infrastructure: The Corps of Engineers has an enormous amount of infrastructure work that is pending. It requires approximately $7 billion in new funding.

Public transit: There are $4.6 billion worth of transit projects ready to begin construction today, according to the American Public Transit Association. Congress has also authorized another $800 million in projects to avoid immediate service cuts throughout the country. We recommend that Congress provide $5.4 billion for transit projects as part of the economic recovery legislation.

Aviation: There are $600 million worth of capital improvement projects ready to begin construction almost immediately, according to the Federal Aviation Administration.

Drinking water: We recommend that Congress provide $1 billion in new financial investment to the Nation's drinking water treatment systems to begin critically needed upgrades.

Dams: We recommend that an economic recovery package contain $50 million for the dams in greatest need of repair.

In conclusion, Mr. Chairman, our national infrastructure is in desperate need of repair and modernization. Our Nation's economy is approaching its steepest decline in 70 years. This Committee must reverse years of neglect of our basic public works systems and begin the economic recovery we need by approving major new investments in our infrastructure. Not only will these proposals begin the economic recovery, but they will provide investments that will pay economic dividends for many years. Time is short, and the time to act is now.

Mr. Chairman, that completes my statement. I would be pleased to answer any questions.

Mr. OBERSTAR. Thank you for a splendid, well-detailed presentation. I greatly appreciate it. I read that with great interest last night.

Mr. Kiernan?

Mr. KIERNAN. Thank you very much, Chairman Oberstar, Ranking Member Mica, Members of the Committee. Thank you for inviting me. I am Tom Kiernan, president of the National Parks Conservation Association.

Since 1919, NPCA has been the leading voice of the American public in regard to their national parks. And on behalf of our 340,000 members throughout the country, we would urge the Committee to include national park transportation infrastructure improvement projects within your economic recovery plan.

Our national parks are home to our most iconic and sacred landscapes, monuments and historic sites. Some have referred to our national parks as "the soul of America." With over 270 million visitors to our national parks, they are the number-one tourist destination for all of our international visitors.

To be succinct this afternoon, I would like to raise three points with the Committee.

First, the National Park Service has 18 transportation projects ready to go now. All they are awaiting is the $270 million dollars necessary to fund these projects. These 18 projects have completed all of their environmental processing and regulations, and the funding could be obligated in less than 180 days.

This would be continuing a great partnership between the Park Service and Federal Highway Administration, where they have a first-year obligation rate of 98 percent, which is extraordinary relative to the average Federal obligation rate of 25 percent. These 18 projects would create 7,000 jobs, but perhaps even more importantly, they would dramatically enhance and improve the visitor experience in the national park for both domestic and international travelers to our national parks, thus, over the long run, enhancing the tourist economy of our great country.

I will also mention that these $270 million worth of projects are ready to go now but are within a broader set of needs on the road and bridge projects for national parks of approximately $825 million a year over the next 5 years, very much needed by the parks. But these $270 million worth of projects are ready to go now.

The second point I would like to make, there have been two other times in the history of this country where this Congress has invested significantly in our national parks. And, Chairman Oberstar, you mentioned earlier FDR in 1933. In the first 100 days of his administration, he launched the Civilian Conservation Corps and WPA that had lasting impact on our nation. Skyline Drive out at Shenandoah National Park was built under that program, as was Glacier's Going to the Sun Road.

The second time that this country invested in a significant way in our national parks was Mission 66, a 10-year effort leading up to 1966 and the 50th anniversary of our national parks, where we invested $7 billion, current dollars, but $7 billion of new funding in our national parks to enhance the transportation system.

The third and final point I would like to make is that the roads, transportation systems in our national parks are in very poor, perhaps embarrassing condition. We have $5 billion of backlog that the Park Service has identified for transportation projects. And, not surprisingly, 53 percent of the park roads are in poor condition.

Two quick examples. First is the Going to the Sun Road, built back under FDR. It is one of the 10 most scenic drives in this country. It attracts 1.5 million visitors each year and is an economic anchor to that region. But, unfortunately, the 75 years since it was built have been tough on it, with the avalanches, rock slides, heavy use.

In 2007, the Park Service began a repair effort, but unfortunately that effort has been slowed for lack of funding. There is $20 million of work ready to do on the Going to the Sun Road just waiting for Congress's additional funding.

The other example I would cite, Chairman Oberstar, is the trip that you were able to make a couple of years ago to Yosemite National Park, a spectacular park. But that had, back in 2005, $500 million of backlogged infrastructure projects in that park.

So, in summary, Chairman Oberstar, Ranking Member Mica, Members of the Committee, we believe you have a tremendous opportunity before you. Americans love their national parks. But, unfortunately, the park roads and transportation systems are in very poor shape.

The Park Service has $270 million worth of projects to go now that can jump-start our rural economies throughout the country immediately but that can also, over the long term, catalyze the much stronger and enhanced tourist economy in this country. Investing in our national parks is an investment in today and in our future.

Thank you very much. And that concludes my comments. I look forward to any questions.

Mr. OBERSTAR. I appreciate your splendid testimony. And I am impressed that you remember that trip a few years ago in Yosemite. I will return and invite Members of the Committee to come with me, but only if they agree to climb on bicycle from Ahwahnee Lodge to Glacier Point, 3,000 feet in three miles, I think it is.

Mr. KIERNAN. That is about right. Impressive, Mr. Chairman.

Mr. OBERSTAR. We have Mr. DeFazio on for that one. Yeah, it almost killed me. We were in the Oregon mountains, yeah. Well, it is not going to work. I have a 45-year hip now and new infrastructure internally.

Mr. Crosbie, if we are successful with this initiative, how would Amtrak prioritize the funding that already passed the House, the funding that we designated for Amtrak? What would be your first, second, third, fourth, fifth, whatever, priorities?

Mr. CROSBIE. In terms of the priorities, it would be, very clearly, obviously, our rolling stock, in the areas where we need more availability of that rolling stock; and then our infrastructure. And within infrastructure, bridges are a good example, our movable bridges on the Northeast Corridor; as well as our electrical traction system; and then compliance with the ADA requirements as well.

And that is kind of a broad landscape. We have a very detailed 5-year capital program that is prioritized by project. We have over 600 projects annually, and they are rank-ordered.

And then with the latest one, the last one I would add is, of course, completing Positive Train Control throughout our system.

Mr. OBERSTAR. I had an experience with Positive Train Control in New Jersey on the Hudson line. The train goes around just a little bit of a curve and then picks up speed, does it regularly. That PTC slowed that train right down, instantly. It was an astonishing experience.

Mr. CROSBIE. The technology that we have on the Northeast works very well, very well.

Mr. OBERSTAR. I withhold at this point and invite Mr. Mica to——

Mr. MICA. I won't take too long. Thank you, Mr. Chairman.

I am going to ask you all the same question to start out with. Give me the total number of dollars that you are ready to go with the projects. I want to know first—I will call off your locality. But right now Congress is ready to move forward and assist you.

Ready-to-go projects, Maryland, how much?

Mr. PORCARI. $94 million ready to go within the next 120 days.

Mr. MICA. Okay.

Atlanta?

Ms. SCOTT. MARTA, we would be ready to go with $16 million just in MARTA and another $10 million that would be in the broader Atlanta region.

Mr. MICA. Okay.

We have the Department of Environment for New York.

Ms. ENCK. This is just for wastewater treatment plants. New York has lots of other needs. But we have 412 projects ready to go. If we were to receive $715 million, which is consistent with $6.5 billion in Clean Water SRF in a stimulus package, we would receive $715 million, create 30,000 prevailing-wage jobs, and then a spinoff economic benefit of $1.2 billion.

Mr. MICA. Bill DeCota?

That is a—I am sorry; I know him very well.

The New York/New Jersey Port Authority?

Mr. DECOTA. Yes. Well, I am speaking really on behalf of the airport.

Mr. MICA. Aviation.

Mr. DECOTA. Yeah. And what I have seen is that the FAA says, they have given $600 million, which is where that number came from in the economic stimulus bill, as what they believe is ready. From what the airport associations AAAE/ACI and the airports believe, there is at least a billion dollars, which is why we are urging that, if you could, to increase that to a billion dollars.

Mr. MICA. No red bunnies in that bill either?

Ms. DECOTA. No. Actually, the good news is that red bunnies are prohibited under the AIP eligibility. You can't do artwork, and that is artwork.

Mr. MICA. Very good.

Okay, Amtrak?

Mr. CROSBIE. $410 million, split $130 million for rolling stock, $164 million for infrastructure, and the Positive Train Control at $120 million.

Mr. MICA. Okay. Mr. Crosbie, thank you.

And we have, let's see, American Society of Civil Engineers?

Mr. HERRMANN. As we have documented in our written statement, we have broken down our immediate investment proposals to aid the recovery. And the total was $38.5 billion. And that is immediate.

Mr. MICA. $38.5 billion would do—well, is that ready to go?

Mr. HERRMANN. Yes.

Mr. MICA. Okay.

All right. Then, finally, we have the Park Service. And what was your total figure?

Mr. KIERNAN. Our understanding from the Park Service, $270 million ready to go, could be obligated in less than 180 days.

Mr. MICA. Good. You have a visitors' center in St. Augustine. We haven't talked about—you talk about ready to go. In fact, I think that is the only piece of legislation in 16 years that I actually have my name on. But I have to get that one done, and I have been working on it for 6 years. They do take a while.

Back to Amtrak. I understand that there is—that doesn't include money for State projects. There is $93 million needed; is that correct?

Mr. CROSBIE. For our State program? That is included.

Mr. MICA. It is included.

Mr. CROSBIE. It is included.

Mr. MICA. Is that the $93 million?

Mr. CROSBIE. That is in the $410 million, as I understand it, yes.

Mr. MICA. Okay. Just clarifying. All right.

And then, finally, Mr. Chairman, I just signed a letter with you to go to the Treasury to try to again free up some of the financing for transit projects that has been caught up in this financial meltdown. And I agree with you that we should go to the Treasury, who has that authority, I believe now. I do have a letter to—I hope we will follow up, if we need to, to put in law what we are trying to get this administration to do under the supposed authority they have to free up, again, financing and back financing.

Hell, we are financing everybody else. We are buying bank stocks. If we can't move transit projects forward and they are now being denied financing and moving forward with projects, we have a problem.

So with that, I appreciate your leadership on moving that with the administration. And this letter will request that we get it into law if we have to.

Thank you.

Mr. OBERSTAR. Thank you for your participation. We greatly appreciate your partnership in all of these matters.

I am going to now use an ancient rule of the Committee that hasn't been used in a long time. And after the first round of questioning, to the second round, we start with more junior members. So we will start with Ms. Edwards.

Ms. EDWARDS. Well, I like ancient rules. Thank you, Mr. Chairman.

First, to Secretary Porcari—and thank you all for your testimony—I am curious as to whether the number you gave—I know that was a Maryland amount, for the Ranking Member. Can you clarify AASHTO's recommendation for ready-to-go projects and what that would amount to?

Mr. PORCARI. Thank you. The AASHTO number is $17.9 billion of projects ready to go.

Ms. EDWARDS. And that is across 47 or so States?

Mr. PORCARI. It is across all the States, and it is across modal lines as well.

Ms. EDWARDS. Great. Thank you very much.

And I am curious from you, as a Marylander, what happens with projects that also have some Federal support, like the rail purple line idea, when you have to cut $1.1 billion of transportation projects given the current economic crisis? What happens to those longer-term projects that actually could improve a lot of our competitiveness in the region?

Mr. PORCARI. Congresswoman, it is a great point, and you had mentioned this earlier. We are all having to make very difficult choices. And that has meant cancelling the advertisement schedules for a number of construction projects.

At the same time, we have tried to keep balance in our transportation program and keep some of the longer-term projects moving ahead. For our three transit new start projects, for example—the red line, the purple line, and the Corridor City Transitway—we have fully funded the design activities, at the cost of other projects, quite frankly, knowing that, given the lead time of these projects, we need to keep them going. We believe that the next generation of those kind of projects need to get through the approval process now so we are ready. We will continue to do that.

My colleagues in other States are making similar decisions. I would point out, it is a little bit easier in Maryland because everything is under one roof—transit, port, airport, highway—and we can make those kinds of relative decisions a little bit easier.

Ms. EDWARDS. Thank you very much.

And, Dr. Scott, when you raised the question about the default situation, especially with respect to metropolitan transit systems, Majority Leader Hoyer and I and Congresswoman Norton and all of us in the region joined in a letter to Secretary Paulson and Chairman Bernanke, really trying to get some relief and response from the administration on this problem. It would do us no good to make major investments in transit while our systems are defaulting on payments that are really just a technical glitch.

And so I am curious as to what else we might do here in Congress in the short term. I mean, I understand that WMATA is potentially having to face paying out $43 million by Friday. And I know that this is a circumstance that impacts transit systems across the country. And I want to know what more can be done and how else we might prevail on the administration to resolve this situation.

Ms. SCOTT. Congresswoman and all of the Members of the Committee, thank you very much for your real focus on this.

We believe that Treasury actually has the tool that it needs under TARP to, in fact, wind up moving forward to provide the backstop. Nobody is losing any money. We are making the payments. It is just a matter of pure greed, at this point.

And so we would ask for the focus, the laser focus that you are putting on the issue right now, and then very much invite that if your actions at this point do not, that you would in fact pursue a specific legislative remedy if, in fact, the Treasury does not take action.

Ms. EDWARDS. Thank you. And I would appreciate you and others among the associations keeping us informed about what is going on with the systems. Because this is something that, in this current economy, we absolutely can't afford.

And then, lastly, you know, I am a biker, so I am going to take the Chairman up on going out and biking in Yosemite, and we will get some others to join. And I really strongly support investments in our national park systems and the roadways leading into them, but also expanding hiking, biking, walking opportunities throughout all of our park systems to relieve them of congestion. And, again, those are job-creation activities.

So thank you very much for your testimony.

Mr. KIERNAN. If I may comment, we look forward to that. And there is the Grand Teton National Park, a new pathway system going in now, and many other parks where some could be installed with the funding from this Congress.

Ms. EDWARDS. Great.

No further questions. Thank you.

Mr. DEFAZIO. [Presiding.] Thank you.

Mr. Cummings?

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Mr. Crosbie, let me ask you this. We recently enacted rail legislation that authorized $60 million for the study of a new alignment on the Northeast Corridor through Baltimore to replace or bypass tunnel infrastructure that is now more than 100 years old. Can you comment on the importance of developing this new alignment to improving the service and safety on the corridor?

And I heard you when you talked about your priorities, I think you talked about rolling stock, then you said infrastructure. I didn't hear you say tunnel. So I just want to just see where we are on that.

Mr. CROSBIE. Sure. Within infrastructure you would include tunnels as well.

Mr. CUMMINGS. All right, but I wanted to hear the word. All right.

Mr. CROSBIE. There we go, ″tunnels.″

It would dramatically—when you ride the service and you experience the trip through those tunnels, which are over 100 years old, and you ride all the way to New York, you get a sense very quickly that if you are going to make an impact on capacity trip time, they have to be dealt with.

We have invested in the tunnels in the past, with new lighting and new track. But if you straighten the alignment of the track so it is not winding its way through, and you can get the speed up so the approach to Baltimore station is no different to, say, the approach to one of our other stations along the Northeast, like BWI or something like that, you can make a significant impact. It is probably one of the largest impacts you could make, in terms of the capacity and trip time.

Mr. CUMMINGS. So where do we fall in the priority? You were answering the question a little bit earlier. I see Mr. Porcari is looking at you very—I mean, he is interested in this, too. Where do we fall in the priority?

Mr. CROSBIE. It is certainly on the list, but we have—you know, to be completely forthright, we have so many items that we have deferred, state of good repair, that have an impact in other areas. Our electrical traction is a good example I talked about earlier.

I think we need to get the study done, find out what it is going to be required to fix those tunnels. We can be doing that simultaneously to our other backlog of state of good repair. In fiscal year 2008, we estimated $5.2 billion in deferred capital maintenance in our system.

So, in terms of a priority, it is important for capacity, it is important for trip time, but I have to tell you there are some other things that we do need to get done. But we can get that study done in the interim.

Mr. CUMMINGS. You know, as I listen to you all's testimony with regard to a question asked by the Chairman and you were talking about the projects that are ready to go, I said to myself, even if we cut them in half—and you have only a few, you just represent a few jurisdictions. Obviously, in our country, we could have done better. It sounds like we are behind and we have a lot of work to do on this infrastructure.

Secretary Porcari, you know, also looking ahead to the next authorization, can you comment on the types of revenue or innovative financing mechanisms you would like to see authorized to supplement the gas tax revenues coming into the Federal trust fund, particularly if the prevailing economic conditions continue to be difficult in 2009?

I think this is the big question, and I was just wondering what your perspective might be.

Mr. PORCARI. First, Congressman, at the State level, a year ago our legislature made some very tough decisions and significantly raised transportation revenues and broadened the base beyond normal transportation revenues, to include a portion of our sales tax, a larger portion of our corporate income tax and other nontraditional sources.

I would point out that, unfortunately, the economic downturn has erased most of that. But the point at the State level is what we all know we need to do at the Federal level, which is to diversify the sources.

Some kind of vehicle miles of travel, VMT, based revenue source is one part of the puzzle, I believe. AASHTO has done a very thorough job of identifying the long-term needs. There is, I think, a very good understanding that the traditional reliance on the gas tax and ever-increasing vehicle miles of travel is not a model that will carry us into the future. So a VMT-based one is probably part of the solution.

I would also point out that since transportation infrastructure investments serve the larger economy and are the enabler of economic development and in that sense a means to an end, it should not be out of the question that any general fund revenue source should be at least part of the discussion for transportation revenues. We are clearly going to have to diversify those sources pretty substantially to carry us into the future.

Mr. CUMMINGS. I see my time is up. And thank you, Mr. Porcari, for doing a great job for our State.

Mr. OBERSTAR. [Presiding.] Ms. Napolitano?

Mrs. NAPOLITANO. Thank you, Mr. Chairman.

And listening with great interest to Mr. Crosbie, when you were indicating that the cars that you needed to replace would be costing us a fair amount of money. But are they made in the U.S.? This is "buy American."

Mr. CROSBIE. You are referring to the ones that are in storage or new equipment?

Mrs. NAPOLITANO. New equipment.

Mr. CROSBIE. Well, with new equipment, we would comply with all laws, Buy America laws, in the procurement of that equipment. We would absolutely do that.

Mrs. NAPOLITANO. That should help spur some of the manufacturing jobs in the U.S., which are so sorely, desperately needed.

And have you considered using any of the photovoltaic solar applications for creating some of the electricity that you would utilize? I am talking about green.

Mr. CROSBIE. In terms of looking at generating electricity, many, many years ago Amtrak did that; its predecessor did that. We have not considered it yet, but it is certainly something that has recently been on our radar screen, a rethinking and relooking at of generating our own electricity and then, indeed, selling that along the—it would be along the Northeast Corridor. But in terms of recent study, there hasn't been anything done. And I think it would be an area that would be worthwhile to look at.

Mrs. NAPOLITANO. Well, Mr. Chair, I hope this puts more emphasis on looking at photovoltaic, Mr. Chair, simply because that is other jobs that could be created right alongside with infusing that capital.

Deputy Secretary Enck, you and I and everybody else knows that, for the past 8 years, we have been slowly cutting the budget at every single Federal agency. And the request for the Clean Water State Revolving Fund has been the lowest in 22 years. I can tell you for Title 16 water recycled projects, $7 million for almost $400 million backlog. And I am telling you because I am Chair on that Subcommittee, so I have great disappointment in investing in our infrastructure.

But I would like to ask if you feel that the Federal crosscutting rules which require EPA to consult with the U.S. Fish and Wildlife and/or the National Marine Fisheries before funding Clean Water SRF projects are overburdensome and significantly delay projects? And shouldn't we and Congress consider allowing States to notify Federal agencies, giving them a time limit to comment on the clean water packages, or else move forward automatically?

Ms. ENCK. Well, I think getting that kind of input is generally good, because these are huge expenditures of tax dollars. I think having a time limit makes sense.

Our biggest problem is not process. It is just the sheer lack of resources for these investments. And we believe, if the money is not increased, we are going to see a marked decline in water quality.

Mrs. NAPOLITANO. But if you had those resources, do you believe that they would be able to move expeditiously?

Ms. ENCK. Yes, absolutely. And, you know, the responsibility for many of these projects rests with local governments. They have signed legally binding consent orders to be in compliance with the Clean Water Act. Many are not. So if money was available, I think it would move very, very rapidly.

Mrs. NAPOLITANO. Well, there has been a suggestion that the two agencies are so chronically understaffed that it can be problematic to get their concurrence on a timely basis. And that is why I am asking that.

Ms. ENCK. That has not been a problem in New York, but it certainly may be in other areas.

Mrs. NAPOLITANO. Well, if we are going to be increasing funding, do you think they will be able to handle the workload?

Ms. ENCK. I can't speak to that, I am afraid.

Mrs. NAPOLITANO. Any guesstimate?

Ms. ENCK. We just don't have that much experience with that problem in New York, so I don't want to guess. I am sorry.

Mrs. NAPOLITANO. Is it difficult for many small, disadvantaged community governments to secure enough of a fee increase from the electric to pay the SRF loan?

Ms. ENCK. Absolutely.

Mrs. NAPOLITANO. Should we consider making funds available through grant programs to small, disadvantaged sewerage treatment plants?

Ms. ENCK. Yes, we would support that.

Mrs. NAPOLITANO. Anybody else want to answer? No? Any comment?

Well, one of the things that I am very concerned about is the economic impact that quagga mussels is having on a lot of our ports and water plants, et cetera. Has anybody taken into consideration the cost of dealing with that issue and whether or not we should spend a little more money on the research at this time to be able to cut that cost, so then those funds could be utilized where they are supposed to go?

Ms. ENCK. On invasive species, I think we definitely do need more research. And we also have opportunities to deal with ballast water and other strategies to reduce the introduction of invasive species that clog water treatment plants, power plants, not only affecting water quality but also economic growth.

Mrs. NAPOLITANO. But is there enough personnel to be able to do the examination of the boats coming into the harbor or the boats being used in the recreational lakes?

Ms. ENCK. I would say I can't speak to the Federal level but, at the State level, there is clearly not enough money to do this, and invasive species is an issue of great concern. We would like to get to the source of the problem of how to keep these invasives out of our waterways.

Mrs. NAPOLITANO. Mr. Chair, I thank you for the time. And I think that there are some real technical things that involve further dialogue and maybe a little more concentration to save some of that money for the real projects.

Mr. OBERSTAR. I thank the gentlewoman for those thoughts. There is a lot we have here to consider, as we evaluate and go on further to drafting the language for this stimulus.

Ms. Norton?

Ms. NORTON. Thank you very much, Mr. Chairman.

Mr. Crosbie, I am really excited about the high-speed rail, because it first is going to go from New York to D.C. and back. But we have neglected your infrastructure for so long, you have a lot of work to do before we get to high-speed rail.

So let me go on to Dr. Scott, following up on the question from Representative Edwards, with whom I have been working on the WMATA matter, and then a short question for Mr. Kiernan.

These technical defaults—let me just put it this way. We are your proxy. There are 31 transit systems. And everybody better understand this. These are all metropolitan areas. This would shut down the United States of America virtually, because these are all big-city transit systems which connect into metropolitan areas.

Now, you were doing these—and I don't blame you at all. You were getting back some money from the banks for the way in which they did these particular transactions. But the IRS has essentially moved to shut down this type of transaction.

Now, WMATA—Ms. Pelosi's staff went to the Treasury yesterday, and I don't like the kind of questions the Treasury was asking, frankly, you know, like, ″What does this have to do with the Federal Government?″, when, of course the Federal Government's backing of AIG ought to make it clear what this has to do. And if we are interested in bailing out more than the AIGs of this world and in the stability of this region, Treasury better educate itself very quickly.

In our case, this Belgian bank, which was, in fact, like all the banks so far as I know, receiving its payment—is that not true? Were not all the banks receiving payments as of now?

Ms. SCOTT. Yes, yes, they have, in fact. And I want to really commend John Catoe publicly, because there have been a number of us that have been working, really——

Ms. NORTON. This is the head of our own WMATA, yes.

Ms. SCOTT. —hitting WMATA, that have been working just very closely together on this. Because literally, as we sit and speak, various systems—I am one of them—are receiving letters from some of the investors, from some of the banks that are demanding—we have called it tantamount to ransom notes.

Ms. NORTON. Well, they are. They are saying, oh, the Federal Government is there, you know, give us our money. And of course I don't blame the Treasury for saying, just a moment, this is a stick-up.

On the other hand, the consequences if Treasury does not act is what I want to get into, because the reports back from the meeting yesterday were disquieting. Again, this is reporting, so I can't vouch for this, but from trustworthy sources, that Treasury showed no great urgency, even asked whether it had the authority. And these are people who found the authority to actually invest in banks when I don't think anybody here contemplated that at the time of the bailout. You know, they found authority to invest in all manner of corporate bailouts. So they are not sure they have the authority.

And if they need some authority, one of the first things I will do, and I am sure my colleagues will join me, is to ask in this package that they be given the authority. I have no doubt in my mind that they have the authority.

But I would like you to lay on the record, so we know what will happen to WMATA. You are getting your letters—WMATA's was postponed simply because WMATA threatened the TRO. They were going to go to court, and so they said, okay, let us count the days and make sure when this really runs out. So they think it is October the 31st.

Now, suppose Treasury continues to hang back. All you are asking Treasury to do is take AIG's place as the guarantor. AIG, AAA-rated AIG, was the guarantor. So they say, instead of being, as I understand it, the guarantor for AIG, you, the Treasury of the United States, is the guarantor.

You are not asking for any money from the Treasury, is that right?

Ms. SCOTT. No, we are not asking for money from the Treasury. In fact, the majority of these are backed up by securities.

Ms. NORTON. So, suppose Treasury doesn't find its way by the 31st, D.C. will be the first one to go down, and you all will cascade right after it. What will be the effect while we are trying to get something through the Congress?

Ms. SCOTT. I can't speak directly for WMATA, but I could tell you that, with the hundreds of millions—and I am not trying to make this be harum-scarum, but it is so real—there are hundreds of millions of dollars. One transaction could wind up being the difference of having to make an immediate payout of $100 million, couple hundred million——

Ms. NORTON. Do you all have $100 million in capital——

Ms. SCOTT. There is no way that we could wind up——

Ms. NORTON. Because the capital markets are frozen. Nobody can get any money.

Ms. SCOTT. The capital markets are frozen. And the technical defect is that, at the point in time that these guarantees were being made, most of them require—in our case, it is a AA-minus credit rating. Some of them were triple. And so clearly AIG, they don't have it. And you can't hardly—I don't even know if we can even find any other guarantor that, in fact, would have that kind of credit rating with the kind of meltdown that we have had.

Ms. NORTON. Even though, of course, you are paying—this is why one wonders why Treasury didn't get it immediately.

Mr. Kiernan, I searched your testimony for the words "National Mall," because this has been a very high-profile issue throughout the country. Twenty million people come here every year. It is not just my folks who go down there and Representative Edwards's folks. In fact, we are a tiny minority. It is everyone who comes to see their Member of Congress. It is everybody who wants to see our monuments.

Interior had$100 million in its appropriation, and its appropriation never got up because of dig, dig, dig. I mean, they were insisting that for them to get out, Congress had to approve this digging stuff.

Now, the reason I ask you about the National Mall and was surprised to find it not in your testimony is, in the case of the National Mall, which is our front yard for the Nation, it has a private sector—one of our developers, he has already raised a million dollars; he just got started a few months ago. It is a centennial challenge project. So here you have some money coming in, the need for the private sector ready for matching funds.

Don't you think the National Mall would be—I know for a fact, just happen to know for a fact, that they have many ready-to-go projects. Don't you think that the National Mall, of all places, would be a worthy place to put Federal funds in this package at a time when Americans will be looking for some evidence that this package accomplished something? Would the rundown National

Mall, not worthy of the name any longer, be a suitable place for some of these national park funds to go?

Mr. KIERNAN. I absolutely agree with your point. The Mall has very significant, profound needs. It is within the $5 billion of total backlog needs in the national parks. The projects, the needs there may be ready to go. In putting together our testimony for this hearing, we didn't see it on that list, but it may be ready to go, or might very soon be ready to go.

But I absolutely agree, the Mall is one of many places in our national park system that we as a country should be investing in. Has economic benefits but, more importantly, benefits for the United States as a society and as a culture.

Ms. NORTON. Well, Mr. Kiernan, thank you. I will check on that, but I can tell you, the place is so decrepit that the Park Service is kept from doing the necessary things, like keeping the benches and the rest up, simply because it doesn't have the funds to do it. But I will check on that.

Thank you very much for this testimony.

Mr. OBERSTAR. I thank the gentlelady for raising that issue. It is a very important one, not only for the District but for all of America who come here.

Mr. Boswell?

Mr. BOSWELL. Thank you, Mr. Chairman.

Mr. DeCota, I am curious, you made a comment about the global financial crisis had an impact on the airport industry to raise capital to fund projects. Would you elaborate on that a little bit?

Mr. DECOTA. Yeah. As in almost any industry, even though airports are financially secure, well-run enterprises, it starts with the weakness in the airline industry and the decline in traffic. And so, many of the major bond-rating agencies have come out and said that airport financial health has been threatened. And you start there.

And then you start with the fact that it has been very difficult for airports to get in the market for what are called private activity bonds. Private activity bonds were bonds that were intended, you know, to be sold for infrastructure that is used by private companies. In our case, private activity bonds were things like runways and taxiways that are clearly public common infrastructure.

And if they are marketable—and it is very difficult to market them. For instance, Metropolitan Washington Airports Authorityhas $250 million of them, that they are sitting on a shelf, they would like to issue to sell in order to be able to do investment of the kind that would create economic recovery, and they really can't get to market. And if they do get to market, it is probably 150 basis points, 1.5 percent more than what they were just a short time ago.

Which is why we were calling for this limited fix, which was to reclassify these from private activity bonds subject to the alternative minimum tax and call them, really, public activity bonds, which they are. And the House did agree to that; there was a housing stimulus bill that was passed which allowed that to be done for housing.

Mr. BOSWELL. Thank you.

Also, in your airport operation, would you comment on the impact of not having a multiyear FAA reauthorization? We worked very hard on that in the House, but we haven't gotten if through the whole system yet. And I assume that has some impact on how you can make your plans.

Mr. DECOTA. It has an enormous impact. And we do want to thank the House, because the House not only passed it, the House passed the $7 PFC increase. That represents $100 million a month that is not coming into airports right now for airport infrastructure. Almost $1.2 billion a year if that had happened. It also included far higher levels of PFC funding. I believe it was $3.8 billion in 2008, $3.9 billion in 2009. If you look at what the interim appropriations have been, they are below that level. Basically, we have lost another billion dollars.

So when you have airports with capital needs that are demonstrated, just ones that would be Airport Improvement Program-eligible, of $50 billion, and then you take the total capital needs of airports, you know, that little bit that I talked about that would be ready to be funded out of the AIP just pales by comparison of the size.

And all airports really want to do is be able to get into the bond markets, use local user fees in order to be able to fund capital investment, and then supplement that with some Federal funding under the AIP program, similar to the kinds of numbers that were approved by the House in the last economic stimulus bill.

Mr. BOSWELL. We will hope we get that done this coming session.

And lastly—I have a little bit of time. I make no apology that I advocate for general aviation. I am curious, with what you have told us about your operation, what impact has that had on your customers. Have you been able to grow, or have you been able to keep? What is your situation?

Mr. DECOTA. Well, New York, in our case, you know, we handled 110 million passengers last year. We thought we would handle 111.5 million this year. Plus, there is a lot of——

Mr. BOSWELL. I wanted you to address more toward the general aviation.

Mr. DECOTA. Okay. Well, in the case of general aviation, we have about 200,000 aircraft movements every year out of 1.4 million plane movements all within 25 miles of the Statute of Liberty.

I am being told by the local fixed-base operators who handle that activity that that activity is down severely. I was told by one yesterday at Teterboro Airport that the activity September versus September——

Mr. BOSWELL. Well, if that is down, that has economic impact on you too.

Mr. DECOTA. Huge economic impact. The business and private leisure aircraft—we have done some economic analysis studies, and it has enormous impact in terms of not only the jobs it creates, but also the businesses that were using that kind of activity and their ability to conduct travel in order to be able to conduct that business.

Mr. BOSWELL. Thank you. Thank you very much.

I yield back, Mr. Chairman.

Mr. OBERSTAR. Thank you.

Before proceeding with Mr. DeFazio, I just wanted to ask him if he has any specific question for Ms. Enck, who has a travel commitment and has to make it to the airport. If you do, you could ask that first, and then we can excuse her.

I only have an observation, Ms. Enck, that your stout defense of State Revolving Loan Fund and your advocacy of what is needed in New York and elsewhere around the country—we passed that legislation in the House; it did not pass the Senate. We had to cut that back $6 billion because of a requirement by the Office of Management and Budget that we offset the increase in investment for projects that would be subject to some supposititious future loss of revenue to the Treasury, because there would be tax-exempt bonds issued by municipalities. You know, that is similar to the issue with Mr. DeCota and the airport AMT minimum tax on private activity bonds.

But this administration has really let us down. The President opposed the State Revolving Loan Fund. The Republicans in the Senate refused to act on it. They held it up so it could not come forward. And that is why we are in the fix that we are with the needs.

Ms. ENCK. We very much are, and we appreciate the House's leadership, your leadership. We just absolutely have to get back to this next session or the end of this year. The State of New York and, I am sure, other States are willing to roll up our sleeves and help in any way we can.

Mr. OBERSTAR. Thank you. We hold you excused.

Ms. ENCK. Thank you.

Mr. OBERSTAR. And now, Mr. DeFazio, such time as you may consume.

Mr. DEFAZIO. Thank you, Mr. Chairman.

Dr. Scott, well, first, I think we have pretty well explored the issue of these lender predators attempting to take advantage of our transit districts. I only hope that we can begin to, sort of, publicly either solve this problem very quickly or hold them up to public ridicule and perhaps expose them to hordes of angry commuters being deprived of their transit because these people think they have a right to claim a technical default. I think a lot of people don't know how serious this is, potentially, particularly the Bush administration.

Somehow we own AIG, and AIG was the guarantor, but AIG doesn't have good enough credit to just pass through the money, and there is a technical default. It doesn't seem to me that Henry Paulson, Hank, as some people around here like to call him, would have to do too much to resolve this issue, like maybe pick up the phone.

But, in any case, hopefully we can get their attention. If you are listening, Hank.

So, on the other issue that you said is kind of counterintuitive, and I just want—again, this is not fully understood, I believe, by many. Transit usage is up pretty dramatically, in good part because of high gas prices and people's personal circumstances. It is a desirable thing. And, unfortunately, that has led to a decrease in service.

Now, could you explain? I mean, this seems like very counterintuitive to most people; “Wait a minute, if more people are riding it, why do they have to cut service?”

Ms. SCOTT. Well, I have often, after 30 years in this industry, I often smile and say very few people really understand that the better we do, it means that there is going to wind end up being a payment. But for the most part—in fact, there isn't any system totally any place in North America where the users are paying for all of the service. So there is always——

Mr. DEFAZIO. I don't even think in Europe. I don't know of any transit system anywhere.

Ms. SCOTT. Just limited. I mean, just a limited something here or there. But there is always investment that is required.

So whether or not we call it farebox recovery, cost recovery, there is no right or wrong around it. But you can look somewhere about 30 percent, on average, is what the cost recovery is for a typical trip by the individuals who are actually using the trip.

So true, to the extent that a transit system does not put any additional service out and is only utilizing its existing capacity, surely having additional ridership is bringing in additional revenue. But the problem is always that that is not fully paying for itself. Plus, we have people that are literally coming out of the doors and a need to add significantly increased service. And that increased service comes at a cost.

Mr. DEFAZIO. Thank you. The Chairman and I and others made that point on the floor when we passed an authorization to increase funding on an emergency basis for transit. I had hoped to fund that by moving forward some money in the Transit account of one trust fund, which is in better shape than the Highway account. We weren't able to do that.

But hopefully now we will be able to do it in a stimulus package to see that we don't get this perverse effect that people are hurting, therefore they want to use transit, save money, and that is causing the transit agencies to have to cut back on routes. It just doesn't make sense.

Ms. SCOTT. I tell you, it is the biggest oxymoron for us to be in at the very time when people are really—and what we are finding with some of the market research that we are doing is that there is no question that there are many, many people who are making the rush to transit because of the fuel prices.

But there are almost just as many who are making the rush to transit and have been because people are really connecting these dots in terms of environmental sustainability, changes in terms of personal travel behavior. And more and more what we are finding is that more people would, but they say one of their biggest issues is the lack of availability of reasonable convenient travel options.

Mr. DEFAZIO. Great. Thank you.

Thank you, Mr. Chairman.

Mr. OBERSTAR. Thank you.

Ms. Richardson?

Ms. RICHARDSON. Yes, thank you, Mr. Chairman.

I was looking at your testimony, Mr. DeCota, and as I was looking at the investment that you were asking, from an aviation perspective, what would you describe would be the most critical projects that would need to be done of airports across the country?

And I saw your reference to, for example, modernizing the air traffic control system. But I am looking for specific infrastructure benefits that you would say would help this country?

Mr. DECOTA. There are two major needs that I foresee in this country. One is aeronautical improvements. There simply isn't enough runway pavement. Runways are in states where they need to be rehabilitated at a regular pace. At our own airports, we have one runway rehabilitation project.

And safety and security projects continue to loom large at every airport in the country since September 11th. The level of expenditure on safety and security projects has become enormous, to respond to things like putting bollards on the frontage of airport terminals, to put sophisticated perimeter-intrusion-detection devices around terminals, baggage screening improvements at airports to make sure they have the latest state-of-the-art equipment.

I mean, the list of airport infrastructure improvements goes beyond just the traditional capacity ones that you think of, in getting people and cargo out of land vehicles and into air vehicles, like the runways. And it goes to much more sophisticated things like that.

But the list is fairly enormous, as I said. The FAA estimates there is about $50 billion between the years 2009 and 2013 that are just projects that are eligible for Federal aid. And there is a huge category of projects that are not eligible for Federal aid that have to be improved: cargo buildings, parking lots, terminal buildings that are exclusive-use facilities and things like that.

Ms. RICHARDSON. I recently flew from Washington, D.C., to LaGuardia. And once they got everyone on the plane, we kind of pulled out and they told us—they kind of pulled us off to the side, and we sat there for probably at least an hour and a half. And what I was surprised at is that most of the people who were flying there said that that is a regular occurrence.

Mr. DECOTA. Yeah, the problem in New York is airspace. It is the failure of the FAA to keep pace with the air traffic control improvements. It is the failure to implement the acronyms, things like RNAV, RNP, ADSB, et cetera, the technologies that evolve you from land-based radar to satellite-based communication.

And, unfortunately, this administration has followed this wrongheaded view in New York that the way that you solve the problem is you reduce your flight choice. So you either have a choice now to put up with the inefficiency of the air traffic control system or you have a choice they are going to take away slots in New York and auction them off.

And one of the points we made in our testimony was that the economic stimulus package really is the last opportunity for Congress to make it very clear that auctions of flights are illegal and that what we should be doing is expanding capacity, because you should not be suffering and enduring that.

I, unfortunately, have the three most delayed airports in the country, and it all traces back to the FAA's inability to handle the air traffic.

Ms. RICHARDSON. Mr. Chairman, much of the discussion and the information we received talked a lot about funding for ready-to-go projects. But this particular example, I am hoping, as we roll out whatever conditions are going to be included in the stimulus, that there also is some sort of check-off that needs to be that these projects, in addition to being ready to go, they also should meet a need of our constituency as well.

Meaning, there are more projects than we could ever imagine that we would want to do at this point, and we are not going to be able to do. So if we are going to fund, for example, funding for airports, we need to make sure that, if they get funding, it is something that is going to translate back to the end users and how they will benefit, and not just another project that needs to get done.

So I don't know if we are going to have various factors or a certain amount of points for each area, but I would hope that there would be some indicators to really push that the results will benefit the end users.

Mr. OBERSTAR. If the Senate had acted on our aviation bill that was passed a year ago, the airports of this country would be a good deal further along than they are today in responding to the air-side infrastructure needs, the hard side, as I call it, of aviation.

Secondly, the air traffic control modernization really would not fit into this economic recovery proposal that we are discussing today and that we will be submitting to the House in November. The modernization program is covered, I think quite substantially, in our aviation authorization bill.

But there are air-side improvements, such as the realignment of runways at O'Hare, the first of which is to be completed within a month, I think it is. And they will have a dedication ceremony. And when the other two are completed, O'Hare will have the capacity for 1.4 million, maybe 1.5 million operations a year. That is substantially above their 900,000-plus operations a year today.

As Mr. DeCota said, in the New York airspace, that, along with the Southern California TRACON, are the two busiest facilities in the world. They handle more operations than all of Europe combined. And yet, as Mr. DeCota said, the administration proposes to deal with the problem by congestion pricing, by making it more expensive to use the existing limited airspace, use the existing undercapacity air traffic control system.

That defies any kind of sense of understanding of what aviation is all about and how it works. I am exasperated with them. I can't wait for them to leave town.

[Laughter.]

So we will deal with this in due course.

Ms. RICHARDSON. Thank you, sir. I yield back.

Mr. OBERSTAR. Let's see, I think I have a few questions, very few, briefly.

Ms. Scott, where will the clean fuel buses be built for Clayton County that you referenced?

Ms. SCOTT. The clean fuel buses would be New Flyer—likely would be New Flyer vehicles.

Mr. OBERSTAR. In America?

Ms. SCOTT. Yes.

Mr. OBERSTAR. In Minnesota?

Ms. SCOTT. Yes, in Minnesota.

Mr. OBERSTAR. Where will the express coaches be built for the Georgia Regional Transportation Authority?

Ms. SCOTT. I am not sure of which piggyback they have. They will either be New Flyer or NABI out of Alabama.

Mr. OBERSTAR. Alabama. And in Eugene, Oregon, the hybrid electric bus?

Ms. SCOTT. I think that is the Gillig, and that is California. That is Hayward, California.

Mr. OBERSTAR. Gillig. So there we are. When we invest in one part of the country, another part of the country benefits.

Ms. SCOTT. Absolutely. Absolutely.

Mr. OBERSTAR. That is the——

Ms. SCOTT. And the other thing that happens with buses, because, you know, folks will say, well, my goodness, you have buses and you have all the other smaller transit vehicles and all that can come off of a production line within 4 to 6 months. But it is a supply chain. And so we have subsystems and components and HVAC systems and seating systems and aluminum, steel. So there is all of this that is taking place that is the supply chain that ultimately results in that big vehicle, if you will, that winds up coming off final assembly from someplace.

Mr. OBERSTAR. And, on average, transit busses are about 14 years of age. They are well over their use of life. They are running over a million and a half miles apiece. And they need to be replaced, don't they?

Ms. SCOTT. Absolutely. And if we don't replace them on time, then that leads to unreliability and certainly safety. And no one will run something that is unsafe. But it certainly leads to a degradation, in terms of reliability of service.

Mr. OBERSTAR. And, Secretary Porcari, you referenced several dozen Maryland projects that could start now. You also referenced the deferral of investment due to a condition in the bond market.

How does the bond market affect the ability of State departments of transportation to use GARVEE bonds or other instruments? And what is the adverse effect, and how does that tie in to what we are proposing here?

Mr. PORCARI. It is a very good question, Mr. Chairman, because all States, to varying extent, use debt as part of their capital program. Using Maryland as an example, it is only 7 percent of our total capital program, so we are primarily on a PAYGO basis. But that 7 percent is a very important part of our program.

The inability to take either our consolidated transportation bonds or, this specific example, one proposed debt issuance of $425 million in GARVEE bonds to the market has a direct impact on specific projects.

The GARVEE bond issuance is for a single largest highway project that we have under way in the State right now. It will be a toll facility that is congestion priced by time of day. So revenue bonds are a part of the financing strategy. We simply couldn't build these projects without them.

The inability to go to the bond market for these projects has exacerbated the downturn in revenues that we have for the PAYGO part of the program and for other States as well. That is why we all have so many projects on the shelf. That is why the January

2008 number, which undoubtedly is higher now nationwide, for AASHTO is 3,071 projects at almost $18 billion.

Mr. OBERSTAR. State Departments of Transportation are victims in a way, also, of the financial meltdown in the marketplace that Congress attempted to address, is that.

Mr. PORCARI. Yes, we very clearly are. We hope to be back in that market when it stabilizes. We don't know when that will be.

Mr. OBERSTAR. Which is why it is important for us to have 100 percent Federal funding in a rescue recovery proposal here for these highway and transit projects.

Mr. PORCARI. That is right, Mr. Chairman. Many States simply don't have the ability to make the 20 percent match in the short term. What we are promising in return is, if it turns out to be that the projects have to be obligated within the 120 days, for example, we will live within that or we will turn the funds back.

Mr. OBERSTAR. Mr. DeCota, the Airports Council International has produced an issue paper on the alternative minimum tax on airport bonds saying that the majority of bonds are classified as private activity bonds, interest payments on which are subject to the AMT. And that means investors are asking for an interest rate premium to compensate for the additional tax liability. But then the paper goes on to say, well, we don't have an estimated budget cost, it will be minimal. If we were to attempt to address this, and I don't think we can do it in this legislation, but we could next year when we take up the already passed aviation bill, you would have to get your associates at the Airports Council International to sharpen their pencil and give us some very specific numbers about the loss of revenue that you have already heard me describe Office of Management and Budget, that they will come up with. And those gnomes over there will find a way to make that number very high. So if you want us to help you, you have to help us by sharpening your pencil and give us specific dollar amounts of interest on bonds subject to taxation on bond holders.

Mr. PORCARI. We will absolutely do that. Obviously, the cost is differential. And when this was originally an issue before the credit crisis, the differential for AMT versus non-AMT, so maybe 10 to 30 basis points, it was very small. So if you eliminated it, it would save airports money, it wouldn't have cost the Treasury much. With the differential now so high, we are talking about over a $500 million bond over the life of a bond, you are talking about an interest rate savings that could be $125 million. That, again, would be $125 million invested back into an airport and create the kind of stimulus you talked about. But we would absolutely, because we would appreciate all the support we can get.

Mr. OBERSTAR. And remember, even if Treasury is not getting that revenue now, the Office of Management and Budget will say, oh, but they would lose this if we had it in effect. But take that seriously.

Mr. Kiernan, in the current SAFETEA legislation, over the 5 years we authorized $1,050,000,000 for national parks roads and $930,600,000 for forest roads, U.S. Forest Service roads. I wanted to substantially increase that, and I ran into opposition in the course of that legislation. But I know, from having traveled several park facilities and our forests, national forests, that those roads are in terrible shape. If we expect our fellow citizens to come enjoy the national parks of this country, then we need to upgrade those facilities.

Do you have a list from the National Park Service of what they would be able to put under construction within 120 days?

Mr. KIERNAN. We do have the list that they would be able to put under construction within 180 days, and that was the $270 million worth of projects. But they do also have an assessment released in December of 2007 that lays out the full needs for the parks for road building; it is a total of $644 million each year for each of the next 5 years. So you have both what is the large ongoing need and what could be obligated right quick, the $270 million.

Mr. OBERSTAR. And the National Park Service could prioritize that list for funding should we get this package enacted?

Mr. KIERNAN. I believe so. And we can provide to you and the Committee, for the record, that list right quick.

Mr. OBERSTAR. That would be very beneficial, very useful.

Mr. Herrmann, thank you, as always, for the Society for Civil Engineers, for your work on the major construction needs of this country and your report cards that have been issued from time to time, and for specifically your reference to the inland waterways of this country. Again, I said it earlier, but I was dismayed not only that the President vetoed the bill that Mr. Mica and I had agreed upon, that was a total bipartisan bill that was 6 years delayed, that after he overrode the veto, didn't put a single one of those projects in his budget for the current fiscal year. It is appalling to me. And the needs are there, and those projects are already, 6 years in some cases, designed, engineered and ready to go to construction. We should fund those, and I appreciate your reference.

Ms. Napolitano.

Mrs. NAPOLITANO. Mr. Chairman, just one last question that I know is of great interest to you. And I believe it was Mr. Crosbie that brought up the issue of possitive train control, big issue since we had that derailment that caused the loss of 25 lives in southern California.

And I know that I have been talking to some of the SAFETEA people in California, Public Utility—the PUC, and also some of the train people, and to me there is a foot dragging because the system is already available, and yet we are going to wait until 2012? And I just don't understand, Mr. Chair, what is it that is going to have to happen for not only the railroads, are they waiting for a bailout from the Federal Government to give them the money to implement it?

I am concerned because this is not just California, but anywhere where you have a lot of train traffic. In my area, as you well know, I have just in one area 40 trains a day, and to increase tenfold within a few years because of the increase in goods trafficked from both ports. So I have a grave concern, and I just want to bring it up. If anybody has any idea of any answers to this issue.

Mr. OBERSTAR. The answer is that we passed the Amtrak bill in the context of and in partnership with the Rail Safety bill that our Committee also reported—and you helped us move that legislation along, and Ms. Norton did. The Amtrak bill passed the House 311-104. And then eventually the conference report we passed by voice vote. But we wrapped around it, in concert with the Senate, the Rail Safety bill that our Committee did. And it is the Rail Safety bill that mandates the implementation of positive train control in the most critical corridors where there is passenger rail service.

And funding under this economic recovery plan could also be used to install PTC in those critical corridors. That is something we can follow up on, once we get this enacted, we can follow up on.

Mrs. NAPOLITANO. Well, I understand Mr. Crosbie is concerned that the administration doesn't have the resources to handle the implementation as required by our bill.

Mr. OBERSTAR. Thank you.

Again, I thank this panel for your contributions, patience, being here for a very long time. And it is always good to see many friends of long standing here.

Our next panel consists of Mr. Terrence O'Sullivan, Laborers' International Union of North America. Doug Black, Chief Executive Officer of Oldcastle Materials. Dr. William Buechner, Vice President of Economics and Research at the ARTBA. Mr. Brian Burgett, President and CEO of Kokosing Construction Company, Fredericktown, Ohio, or AGC. Mr. Terry Dillon, President of National Utility Contractors Association. Peter Drakos, President of Coastal Connect, Stanford, Connecticut. Thomas Leyden, managing director SunPower Corporation Systems for the Solar Energy Industries Association. A very distinguished panel indeed, and we're grateful to have you here.

TESTIMONY OF TERRENCE O'SULLIVAN, GENERAL PRESIDENT, LABORERS' INTERNATIONAL UNION OF NORTH AMERICA; DOUG BLACK, CHIEF EXECUTIVE OFFICER, OLDCASTLE MATERIALS; DR. WILLIAM BUECHNER, VICE PRESIDENT OF ECONOMICS AND RESEARCH AT THE AMERICAN ROAD AND TRANSPORTATION BUILDERS ASSOCIATION; BRIAN BURGETT, PRESIDENT AND CEO, KOKOSING CONSTRUCTION COMPANY, ON BEHALF OF THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA; TERRY DILLON, PRESIDENT, NATIONAL UTILITY CONTRACTORS ASSOCIATION, CHIEF OPERATIONS OFFICER, ATLAS EXCAVATING, INC.; PETER DRAKOS, PRESIDENT, COASTAL CONNECT, STANFORD, CONNECTICUT; AND THOMAS LEYDEN, MANAGING DIRECTOR, SUNPOWER CORPORATION SYSTEMS ON BEHALF OF THE SOLAR ENERGY INDUSTRIES ASSOCIATION

Mr. OBERSTAR. Mr. O'Sullivan, thank you for being here. Thank you for your contribution, for your union's constant presence on the Hill with the very distinguished legislative representative who sits right behind you, and for helping us at every stage of the way. For ISTEA, for TEA-21, for SAFETEA, you have been there strident, straightforward, helping us get the votes in the House and the Senate to pass those bills, and you are here again to help us pass this one. Thank you.

Mr. O'SULLIVAN. Thank you, Mr. Chairman. And thank you for all that you do for working men and women in this country and for all Americans.

Thank you, Chairman Oberstar, Ranking Member Mica, and distinguished Members of the Committee. On behalf of the Laborers' Union of North America and the proud men and women who dedicate their lives to building America, I want to express out gratitude for the opportunity to be here today.

As I speak to you today, the construction industry is in the midst of the worst, most sustained downturn in 40 years. Unemployment for construction workers has nearly doubled since last year to 9.9 percent. We are just shy of one million construction workers out of work, the highest level in recent memory. This industry, a key driver of our economy, is in crisis.

This year, our Nation has put in place two economic stimulus plans to get the economy moving again. Each of those plans spend hundreds of billions of dollars as a shot in the arm for consumers or for Wall Street in the hopes of a needed kickstart. But these efforts were like using a can of Red Bull and a candy bar to fix this problem. They provided no lasting impact, left no sustainable jobs behind, and did not provide tangible assets to taxpayers. These measures alone fail to recognize that America's most important asset, with all due respect, is not Wall Street, it is Main Street and working people. From the bailout of Wall Street to tax rebate checks, each emphasized consumer spending or credit availability, not stimulus based on creating jobs or sparking sustainable economic growth.

Building our economy by building America, the basics we all depend on every day, offers an historic opportunity to address urgent economic issues, to take care of America for a change, and invest in lasting stimulus. I congratulate this Committee on its continual bipartisan focus on this issue, and in particular, for moving forward at this point in time.

Mr. Chairman, it is time to put some meat on the bones of economic stimulus by increasing income security, not just credit availability, and leaving behind real and lasting capital assets for our Nation and the future generations who will pay for fixing our economy. More than ever, workers need paychecks, not stimulus checks.

Just this year, nearly half of our 684,000 net job loss has been in the construction industry. In September of 2007, the unemployment rate for construction workers was at 5.8 percent; in September of this year it was 9.9 percent. Joblessness for construction workers is now higher than in any other industry sector.

Construction jobs are too good to keep losing. They keep provide family supporting pay, averaging more than $40,000 a year, a third more than average earnings. They benefit working class people, who are the hardest hit by the current economic crisis, those struggling with job losses, with foreclosures, with devastated retirement savings, and with the very ability to simply make ends meet.

The work these men and women could be doing is critical to our country, making our transportation systems, our energy systems, and education systems more productive and more competitive in the global economy. There are numerous Build America projects which are ready to go today and could create good jobs right now. For example, in the public sector alone, we can start tomorrow with the green initiative, retrofitting public buildings to increase energy efficiency, providing a shield against future oil costs and supply instabilities, and in so doing, would put 800,000 construction workers back to work.

In States coast to coast, ready-to-go transportation projects ranging from routine maintenance to badly needed capacity upgrades have been put on hold due to a lack of resources. In fact, there are ready-to-go transportation projects in every State in America which we estimate, based on available data, would support hundreds of thousands of good jobs within 90 days. Getting these projects going will do more than address immediate pain. It will help to build America so America works again in every sense of the word.

Today, 26 percent of our Nation's bridges are in need of repair or replacement. Roadways in poor conditions or overcapacity cost a typical motorist $1,000 a year in wasted gas, not to mention our dependence on foreign oil. And across America, our children are crowded into 220 temporary classrooms while modernization and upgrades of permanent structures could quickly begin.

There are ready-to-go water resource projects under the jurisdiction of the U.S. Army Corps of Engineers, ranging from flood control to water supply projects, which would create thousands of jobs and begin to address the 3,650 dams and levees that, 3 years after Hurricane Katrina, remain unsafe.

Mr. Chairman, Members of the Committee, America's workforce wants to build America now more than ever. We must help them to do it. LiUNA members and millions of working Americans alike are asking, if we can spend trillions to bail out Wall Street and give tax breaks to the wealthy, can we seize this moment and finally tackle these enormous issues and take care of America and its Main Streets for a change? This is a no-brainer. We can help rescue our economy, rescue working America, and leave behind real assets that will benefit our entire Nation for decades to come.

As a first step, we urge Congress to enact stimulus with significant investment in building America in the area of $100 billion, or a third of the $300 billion total effort. With the leadership this Committee is demonstrating, we can turn lemons into lemonade, and from this wrenching economic crisis, create jobs and a lasting legacy that benefits every American every day.

Mr. Chairman, and Members of this Committee, thank you for the opportunity to offer this testimony. We are eager to continue to work with you in the future to build America so America works again.

Mr. OBERSTAR. That is music to my ears. Thank you.

And I see Mr. Kaniewski smiling, so you obviously delivered the testimony according to his approval.

Mr. Black, thank you for being here with us, and for your splendid work and your company and your association. And I also want to say that your representative on the Hill, John Hay, does a splendid job representing the industry.

Mr. BLACK. Thank you very much.

Chairman Oberstar, Congressman Mica, and Members of the Committee, thank you for holding this important hearing to address investing in our Nation's infrastructure as a way of stimulating our economy.

My name is Doug Black, and I am Chief Executive Officer of Oldcastle Materials, Inc. Oldcastle is the leading, vertically integrated supplier of asphalt, aggregates, ready-mix concrete and paving services in the United States. We are the largest asphalt provider, we are the third largest aggregate producer, and we are the fifth largest ready-mix concrete producer in this country. Our federation of companies across the country employs 20,000 people in 1,300 locations, and we do business in 44 States.

As the Committee knows well, Americans rely overwhelmingly on the Nation's roadways for mobility in the movement of goods and services. Despite their importance, however, our roads and highways are deteriorating at an alarming rate, and have been doing so for several years. The system is aging, and large portions of it are in poor condition.

Against this backdrop, we face three significant challenges in the near term that cause significant continued decline in road construction and highway maintenance. First, the uncertainty of our Federal funding availability is causing many of our State and local government customers, as you have heard today, to suspend, postpone or cancel construction or maintenance projects.

Second, the highway revenue streams at State, local and Federal level that are based on largely fixed user fees simply cannot support the growing need for highway construction and maintenance in the country.

And third, over the past 5 years particularly, the cost of highway construction and materials has gone up at over twice the rate of growth of the funding that support this.

Simply put, the funding program that paved one mile 2 years ago will only pave three-quarters of a mile today.

All three of these factors have combined and have led to a consistent and dangerous decline in highway paving and maintenance. The tonnage of hot mix asphalt produced in the United States has declined from a high in 2004 of 550 million tons to 470 million tons in 2007. That decline has continued in 2008, and under the current programs will decline further in 2009.

Let me give you a specific example of what is happening in the field. One of our companies in Pennsylvania was recently awarded a $1.2 million highway resurfacing project. PennDOT subsequently cancelled the project this past June, stating, "The termination of this contract is based on future funding projections indicating that sufficient funds will not be available to complete this contract." We have seen many jobs such as these being postponed or canceled right across the country.

During 2007, we employed 22,500 employees. This year, our employment is down 10 percent to 20,000 employees. In 2007, our asphalt production declined by 13 percent, our aggregate production declined by 7 percent, and our ready-mix concrete production declined by 13 percent. These declines in both production and employment continue in 2008, and we project them to continue into 2009.

We have seen an increase of over $500 million in our liquid asphalt, fuel, and energy related costs; this is a 40 percent increase over 2007. Subsequently, we have been forced to raise prices, and this has resulted in our State and local government customers doing less work against their relatively fixed budgets.

As the customers complete fewer and fewer jobs, we are forced to lay off our employees, sell our equipment, cancel or defer our investments in new plant and equipment, and close our production facilities. In essence, critical road maintenance is put off until the next year, our employees lose their jobs, and we cut back our spending significantly in the local economies in which we do business. The bottom line is that our industry is shrinking at a time when our Nation's infrastructure needs are growing.

I can't think of a better, more robust way to add jobs, good, high-paying American jobs, than to invest in infrastructure, particularly in road and highway construction and maintenance. The most effective investment would be 100 percent Federal funds without requiring a State match. Many of the States where we operate today have significant budget issues, as we have heard today, and this could make it very difficult for them to match funds.

Now, some have suggested that investment in infrastructure cannot be used as a short-term stimulus because it takes too long to get started and to complete jobs. I strongly and respectfully disagree with this assessment. Let me give you an example. Last year, our company in Utah completed a highway resurfacing project. This was a $3.5 million job, which included milling the old pavement, recycling this pavement, and putting down a new paved roadway on 4.4 miles of roadway in Utah. This job was completed, from the advertising of the job to the completion, in 75 days. Ironically, this was less time than it took to mail out the economic stimulus tax rebate checks and get them in people's mailboxes. And as a result, we now have 4.4 miles of highway in Utah that has a smooth, durable, and safer surface. These aren't long-term projects, these are short-term projects that produce long-term, real value in our economy.

Oldcastle Materials is prepared to put people to work and help generate economic activity in those places where the money is spent. We have significant capacity available for more work. Our work supports American jobs, the people we employ are local, they live and do their work locally. The companies that we do business with—our customers, vendors, suppliers and service providers—are local businesses hired by our local companies. The economic impact of infrastructure investment is significant, it is local, and it can be achieved short term.

In summary, our surface transportation system is in dire need of significant investment. The decline in road and highway investment has created, as you have heard, an $18 billion backlog of work, much of which is already identified and can be completed very quickly, efficiently and effectively. Oldcastle Materials and our industry peers have significant capacity, and we can gear up and get this work done very quickly.

Infrastructure investment will support local jobs, good-paying American local jobs, and stimulate local economies while preserving our infrastructure and strengthening our country for the long term.

Thank you for allowing me to present Oldcastle Materials' view on the importance of investment in transportation infrastructure, and I welcome any questions that you might have.

Mr. OBERSTAR. Thank you very much for your testimony, for the substantial detail which accompanies it.

Dr. Buechner, acknowledge your long service on the Joint Economic Committee.

Mr. BUECHNER. I will mention that, but thank you very much.

Mr. Chairman, and Members of the Committee, thank you very much on behalf of ARTBA, the American Road and Transportation Builders Association, for inviting us to testify.

I am ARTBA's chief economist. I have a Ph.D in economics like Dr. Irons this morning. I hope I learned how not to be a pointy-head economist from my 21 years of service on the Congressional Joint Economic Committee's core economic staff, and certainly during my 12 years at ARTBA, where, as you know, Mr. Chairman, we have our feet firmly planted in the ground.

We have submitted a prepared statement, but what I want to do now is summarize some of the major reasons why transportation infrastructure investment should be included in any economic recovery and job creation legislation being considered by Congress.

As Mr. O'Sullivan testified, the U.S. construction industry and construction workers are the Main Street sector of the U.S. economy that have so far borne the worst impact of the current economic crisis. The unemployment rate among construction workers is 9.9 percent. There are almost one million unemployed construction workers.

For our branch of the industry, transportation construction, ARTBA conducts a survey of transportation construction contractors every quarter. In the survey we just completed for the third quarter, we found that 60 percent of our members reported they had fewer employees on their payrolls than they did in the same quarter of 2007; only 12 percent reported higher employment. And that is the largest gap for this measure in the history of our industry condition survey. In September, which is the peak construction month for highway projects, there were 30,000 fewer workers on highway contractor payrolls this year than there were 3 years ago.

Our industry has the capacity to take on additional work immediately, as Mr. Black testified. Our market conditions survey found that only 3 percent of our contractors are operating at full capacity, while 36 percent are operating at 75 percent of capacity or less. This is up from 27 percent in the second quarter, and is the highest in the history of our survey.

Thousands of appropriate transportation construction projects are ready to go. Our industry calls them ″no plan projects.″ They include highway projects like milling, resurfacing, and overlays, safety striping, guard rail installation, sound wall installation, it goes on and on.

Bridge investments can play a big role. The backlog of needed work is enormous. Bridge deck repairs, sealing, resurfacing, preservation work can all be put into motion quickly. So could accelerated bridge inspection and scraping and painting projects.

AASHTO has identified 3,000 projects ready to go—the other witnesses have testified about a lot more. We just came back from our annual convention in Chicago where our local county engineers said that they also have lots of projects that they could get underway. So there are thousands of projects out there; I mean, it is quite doable.

The U.S. Department of Transportation calculates that every billion dollars of Federal investment in highways generates almost 35,000 new jobs. The good news is that many of these jobs come online even before onsite construction starts. There are two triggers. One is when you pass the legislation, and at that point, material and equipment suppliers start building inventory and hiring workers to meet the demand. Then, when the contracts are awarded, weeks before construction begins contractors begin staffing up, conducting training, purchasing and leasing equipment, reactivating and expanding quarries and asphalt and cement plants. And all of these activities create up-front jobs.

To get the maximum quick-start job creation, H.R. 7110 does a couple of things that are helpful, including 100 percent Federal funding and a time certain for using the money. We recommend that there also be some kind of maintenance of effort provision so that there is no substitution of Federal funds for local funds. We think investment should be allowed on off-system projects. Also, there should be some requirement that the funds be used on new projects, on actual new construction, not to pay off Garvey bonds or accelerated construction, which does not create new jobs.

And finally, it is also critically important that Congress enact long-term legislation reauthorizing the Federal Surface Transportation and Airport programs as soon as possible next year.

The economic recovery legislation can create jobs in 2009, but without increasing the revenue stream to the Highway Trust Fund after 2009, the maximum highway funding for 2010 would be about $22.7 billion, which would be a disastrous 45 percent year-on-year cut in Federal highway funding. That would threaten some 700,000 jobs supported by highway construction activity in 2010.

So in conclusion, Mr. Chairman, we urge Congress to include significant transportation investment in the economic recovery and job creation legislation. Similarly, we urge Congress to enact new multi-year surface transportation authorization legislation in a timely manner next year to prevent a disastrous downturn in transportation construction employment in 2010.

Thank you very much.

Mr. OBERSTAR. Thank you very much, Dr. Buechner. That and the other documentation in your written testimony is very, very compelling and informative.

Now, on behalf of AGC, Association of General Contractors, Brian Burgett, thank you very much.

Mr. BURGETT. Thank you, Mr. Chairman, Ranking Member Mica, and distinguished Committee Members for holding today's important hearing.

My name is Brian Burgett. I am President and CEO of Kokosing Construction Company located in Fredericktown, Ohio. And I am here today representing the Associated General Contractors of America, AGC.

While Kokosing Construction Company and AGC's 33,000 members are engaged in all aspects of public infrastructure construction, I will focus my remarks on the economic opportunities derived from water resources investment. I encourage the Committee, however, to give all due consideration to including the broad-based infrastructure component in an economic recovery package.

My company has already seen a significant downturn in the various construction markets in which we operate. The sharpest decline has been in the commercial and retail sector, where five major projects valued at over $50 million were recently canceled. There has also been a major decline in highway construction, utility and sewer line work, as well as water treatment plants. Our aggregates business has declined by 30 percent over the past year.

Kokosing's experience appears to reflect what economists are telling us about construction markets in general. AGC's chief economist is projecting a decline of as much as 9 percent in nonresidential construction activity in 2009, which is in line with the 10 percent decline projected by McGraw-Hill Construction economists.

Kokosing employs approximately 3,000 workers, and the consequence of this construction decline is an anticipated reduction of our workforce by 15 to 20 percent in the coming year. Again, my company's experience reflects what AGC is seeing in the overall market. Heavy and civil engineering construction employment peaked in June 2007, and has steadily decreased over the past 16 months. There was more than a 5 percent decrease in employment over that period. This decline has also forced our company to shelve plans for expansion at two of our aggregate facilities.

Kokosing is also reducing our annual investment in equipment. Each year, we typically replace 10 percent of our equipment fleet, and in a growing market, we would also be purchasing additional equipment. The cost of this investment over the past few years has averaged $35 million per year. We have already canceled some planned purchases for next year and are putting many others on hold until we see what funding is going to be available for new work. I have no doubt that other contractors are making similar decisions.

Both the U.S. Army Corps of Engineers and Bureau of Reclamation have construction backlogs for which additional funding would create immediate construction employment opportunities. Our company has worked extensively on Corps of Engineers civil works projects in the Great Lakes and Ohio River division. We understand that there are several projects in this division ready to go to bid within 30 days if funding were provided. Other larger projects would be ready to go to construction within 6 to 8 months.

Overall, the Corps tells us that there is a backlog of 360 multiple-purpose flood control, hydropower, recreation, water supply and navigation projects ready to go. These include high-risk dam safety projects, upgrading and rehabilitating hydroelectric plants, inland waterway system improvements, dredging the Nation's deep draft commercial ports, and upgrading critical coastal protection projects. Additional funds to accelerate project execution under continuing contracts should also be considered.

Contractors are already mobilized and performing work on these projects, but the amount of money is limited to allow these to go at the pace that they could. With additional funding, contractors could hire more workers immediately and complete these projects more quickly.

AGC estimates that $5 billion invested in water resource projects will create over 140,000 new jobs. Of this total, almost 40,000 would be new construction jobs, and over 100,000 additional new jobs in industry supplying construction materials as well as goods and services needed by construction workers and their families.

Additional public infrastructure projects will allow our industry to maintain our workforce and necessitate hiring more workers. It will allow us to purchase equipment and preserve manufacturing jobs. If manufacturing is going well, this stimulates more construction in the industrial sector, and the ripple through the economic goes on.

Other economic benefits will come from this investment as well. The Nation's Marine Transportation System contributes to 30 percent of the Nation's gross domestic product. Failure to maintain channels creates a drag on the economy and may slow economic growth. The stimulus funds would be used to improve our coastal ports and our inland waterways, helping them to operate more efficiently.

Mr. Chairman, construction has always been an engine of economic stimulus and can play that role once again. Increases in infrastructure investment can be quickly put to work and will have a direct, immediate and dramatic impact on the economy. In addition, the projects that are being built will have a long-term economic benefit.

Thank you for this opportunity to comment. And I look forward to your questions.

Mr. OBERSTAR. And I thank you for your wide-ranging observations and comments. The one that strikes me is the next to last item of inland waterway channel and harbor dredging. It does have a direct effect on the cost of materials and the cost of projects in the Great Lakes. The lower lake harbors have been down as much as 48 inches in Cleveland, 44 inches in Ashtabula, 46 inches at Burns Harbor, and that means that the iron ore carrying vessels that leave from northeastern Minnesota and upper peninsula of Michigan are going out 7,500 tons light.

Instead of 60,000 tons that they could be carrying, they are carrying in the range of 50,000 or 47,000 tons. That means they're making three extra voyages per shipping season per vessel. That raises the transportation cost of delivering pellets to Lower Lakes steelman's rails, that raises the cost of steel, raises the cost of aggregates for the same purpose, raises the cost of coal from Powder River Basin by rail to the lake head in Duluth, Superior, and to lower lake power plants. That means that we are working extra vessels every season, extra transportation costs. It has a direct relationship.

Corps of Engineers for 15 years hasn't dredged the channels on the Great Lakes. We move the water resources bill, the emergency dredging provision in there that I included, and that would mean the Laborers Union would be working, it means that the Dredging Contractors Association would be working, it means that materials come at lower cost to lower lake ports. And the administration said I don't think so; we are not going to fund any one of those.

Mr. BURGETT. You hit a good point there. The Sault Ste. Marie locks, which is directly impacted by the area you are talking about, they have got work ready to go, cofferdam work. They need a new lock there, and that directly impacts those shipping costs you are talking about. They are ready to go, they just need money.

Mr. OBERSTAR. Well, we have it in the appropriation bill. We have got $19 million to start construction on that second lock at Sault Ste. Marie, which I have advocated for 20 years. And one after another, the administration came along and said, oh, no, all you States on the Great Lakes, you pay for it. Now, wait a minute, we built the Tennessee Tom-Bigby Waterway, a billion dollars, no cost sharing; 1,200 miles Gulf Intercoastal Waterway, no cost sharing, from Texas, Louisiana, Mississippi, Alabama, Florida. We are not a third world country on the Great Lakes. We are not going to have—that was a way to kill it, and it did for 20 years.

From now on, I'm Chairman, we are not going to do that.

Mr. Dillon—excuse me for the *obiter dictum* here, but I couldn't resist.

Mr. DILLON. Maybe you should run for President. That's what I think.

Chairman Oberstar, all Members of the Committee, my name is Terry Dillon. I am the owner of Atlas Excavating in West Lafayette, Indiana. We have 150 employees who work on sewer and water construction projects throughout the region.

I appreciate the opportunity to participate in this hearing on behalf of the National Utility Contractors Association, NUCA. NUCA commends your past efforts to make infrastructure part of economic stimulus legislation, and we encourage you to include $10 billion for environmental infrastructure projects as part of the Committee's economic recovery proposal.

We have heard a lot today about transportation needs, but let's not forget about what is under ground and out of sight. Underground contractors across America are drastically reducing the size of their companies, selling off heavy equipment, assets, and laying off a great workforce. Contractors in Florida have cut 50 to 70 percent of their employees. Last year's NUCA President, James King of Atlanta, who testified before this very Committee, had 120 employees this time last year, and he is now down to 40. A contractor friend of mine in Las Vegas had 500 employees last year and is now down to 160. And my own company has gone from 320 employees down to 150. It is bad out there, and it is very real.

Fewer contracts are going out for bid, which only increases the number of bidders competing for limited projects. Consider the following example in your own State of Minnesota. Just recently, a publicly financed project drew over 50 contractors to bid on a project that was worth approximately $150,000. In the end, it went for approximately $80,000. That's not even enough money to cover the hard construction costs. The bottom line is is that right now contractors are virtually bidding on any job in any State in any amount just to stay alive. In Indiana, what was once an average of three to 10 bidders per job has grown to 15 to 25, with many new bidders coming from out of State.

Investing in water infrastructure as part of the economic recovery legislation would assist this struggling market, put people to work almost immediately, and enhance local economies all at the same time. And here's why: Clean water infrastructure projects create quality, high-paying jobs in both the short and long term. And remember, these are jobs that are provided right here in America. These are not jobs that can be shipped overseas.

So what kind of jobs are we talking about? Well, when a bid on a project is awarded, people are hired, materials and equipment are bought. We buy pipe, pumps and supplies from Michigan, Ohio, Texas, California, they are shipped by truck or rail to our projects. They run powerlines and telephone lines to pump stations. We buy automobiles, trucks, engines, and other equipment are manufactured and purchased for our work.

Water infrastructure projects provide employment opportunities for contractors, subcontractors, engineers, suppliers and manufacturers, as well as countless construction laborers. But the economic benefits that come from these projects don't stop with the construction industry, especially in times of economic difficulty. Increased economic activity ripples through local communities in housing, dining, entertainment, clothes, food for the kids, they all benefit at the local level.

Whenever legislation intended to stimulate the economy is debated, it is regularly said that the infrastructure projects included must be targeted, timely, and temporary. Although the average infrastructure project takes years to complete, currently, there are scores of water infrastructure projects that are ready to go. Surveys conducted by the National Association of Clean Water Agencies, Council of Infrastructure Financing Authorities and the Association of State and Interstate Water Pollution Control Administrators have indicated there are billions of dollars in clean water projects around this country that can put shovels to dirt within a few months. Details of these surveys are included in my written statement, Mr. Oberstar.

My State of Indiana alone has close to $1 billion of ready-to-go projects. In Indianapolis, they have an $800 million septic tank elimination program going on, $100 million in the city of Columbus, $15 million in Fort Wayne, $15 million in South Bend, $20 million in Evansville, and $30 million in my own city of Lafayette. These are ready-to-go projects.

And let's look again in your State, Mr. Chairman. The Minnesota Utility Contractors Association indicates that the State of Minnesota alone has $406 million in clean water projects that, if funded, could move to construction within 4 months.

Clearly, investing in our underground infrastructure can provide a sharp economic kick start. We can put people to work right now and begin the road to recovery if Congress steps up to the plate.

Tax incentives have their place in the road to economic recovery, but they are no silver bullet. NUCA and our friends at the Associated Equipment Distributors recently conducted a survey to gauge whether capital investment provisions in earlier stimulus legislation were persuading utility contractors to buy new equipment. Overwhelmingly, responses indicated that contractors are not buying new equipment because the lack of work could not justify new purchases. However, a large majority, 70 plus percent, indicated that they would be more likely to hire additional employees, add positions and buy new equipment if Congress enacted legislation that would increase Federal investment in water infrastructure. For your reference, Mr. Chairman, a copy of the full survey report is attached to my written statement.

The message here is simple, it is one that NUCA has advocated for years: Tax incentives only work when there is enough work out there to provide an incentive to buy. A truly effective economic recovery proposal must couple significant investment in infrastructure with tax incentives to encourage equipment purchases needed to do the work.

In conclusion, Mr. Chairman, a $10 billion clean water infrastructure provision would go a long way to put people to work in the short term while investing in the infrastructure that will enhance economic recovery efforts and address what is becoming an environmental crisis all at the same time.

Mr. Chairman, I truly believe that we are the gatekeepers of our Nation's greatest asset, and that is its infrastructure. It is what sets our country apart from all of the other countries in the world. We need to maintain it, we need to repair it, and we need to replace it. It is our duty. And the stimulus package would certainly begin the road to recovery.

Mr. OBERSTAR. Thank you very much, Mr. Dillon. And I certainly concur with those concluding remarks, although I must observe that we are no longer the leader in the world in infrastructure investment. I have spoken many times about China, about India, about Japan, and now the European Union. I have participated in the meeting of the 27 transportation ministers; I actually delivered the keynote address for their meeting in May. They have a $1.3 trillion infrastructure investment program to build the high-speed railways, 14,000 miles in addition to what they already have to deepen their harbors, and to build a canal all the way across Europe to link the north Atlantic to the Black Sea. It is a third completed already. They're not waiting for us; we have to catch up with them.

Mr. Drakos.

Mr. DRAKOS. Thank you, Mr. Chairman, Ranking Member Mica, Subcommittee Chair Cummings, and Members of the Committee.

I am Peter Drakos, President of Coastal Connect, a company which I will mention in a moment.

I am pleased to be here to offer a domestic maritime perspective on behalf of the Coastwise Coalition. In my formal statement, I address more fully the following key points:

First, the Coalition's strong support for prompt enactment of an exemption from the Harbor Maintenance Tax that we hope will be included in the next recovery or stimulus legislation.

Second, the importance of a strong and steadily funded Title XI program.

And third, the value of integrating some domestic maritime transportation activities with surface transportation policy and funding.

America's marine highway is an area of infrastructure investment that can stimulate economic activity and job creation. It can help develop energy efficient, environmentally friendly, and sustainable new capacity for the national transportation system and the economy it supports.

We are grateful for the strong support that Chairman Oberstar, Ranking Member Mica, and Subcommittee Chair Cummings have shown in short sea shipping.

The Coalition is in the process of reviewing various policy ideas. In advance of concluding on an agenda, I have been asked to mention a few of those. We hope to return next year with detailed recommendations.

Today, container vessels, as well as trailer, truck and ferry rail services, are operating on noncontiguous andcontiguous trade routes. Given all growth projections, those companies, and new ones like Coastal Connect, will be called upon to carry more freight and serve new markets in the coming years. Here are a few examples of new services that are planned.

My company, Coastal Connect, will carry domestic trailers between New Jersey and Rhode Island. We will mitigate the chronic congestion on the I-95 corridor, and thereby hopefully improve the safety conditions of our highways.

The ships will be the first of its kind to be built in the United States to run on compressed natural gas. By year end, we will solicit bids to construct four ships, with an option to build four more. If we can obtain the financing, our contract will mean hundreds of shipyard and related jobs, and with delivery of our ships, we will expand opportunities for U.S. seafarers and portside workers.

In California, the Eco Transport Company plans an environmentally beneficial tug and barge service between Oakland, Stockton and Sacramento. At full operation, they will remove over one million truck trips from the road annually. If they can obtain the financing, the company next year will spend nearly $50 million on vessel and port infrastructure and equipment to develop its service.

On the Great Lakes, three new freight ferry services are under development to link Cleveland, Erie and Oswego to ports in Ontario. The Federal Government can stimulate and help sustain new marine surface transportation services and jobs by encouraging investment in vessel and terminal construction and eliminating disincentives.

First, if there is one thing that Congress can do, it is to exempt not-bulk domestic and Great Lakes cargo from the Harbor Maintenance Tax. U.S. Flag operator, Horizon Lines, has testified to this Committee that the tax is a major obstacle to the success of new, short sea services such as they are planning.

We appreciate that you, Ranking Member Mica and Subcommittee Chair Cummings, have sponsored legislation and will urge the Ways and Means Committee to act on an exemption, and strongly support the exemption as shown by the opening comments this morning of Ranking Member Mica and Subcommittee Chair Cummings.

My full statement describes how the HMT is a disincentive. Said simply, when you are trying to provide customers with a solution to an existing problem, it doesn't help to have a tax and other requirements burden the new approach.

Second, Congress can stimulate investments in vessels and port facilities that are the infrastructure for marine highways. It is important that Title XI funding be provided on a regular and substantial basis to enable carriers and shipyards to make effective plans. Each Federal dollar appropriated for the Loan Guarantee Program supports 20 times as much in construction. Sixty million dollars leverages \$1.2 million. A recent order for 13 new tugboats was expected to stimulate over 200 jobs in the Seattle area.

Consider this if you will: Since World War II, 41 of the 43 container ships and 29 of the 33 Ro-Ro vessels built in U.S. shipyards for private sector purchasers relied on the Title XI program in order to obtain financing. The importance of a Federal loan guarantee program cannot be overstated.

In addition to the HMT relief and Title XI funding, and increased funding for the maintenance and improvement of the Federal navigation system, the Committee could consider a range of approaches; those could include incentives for users of marine highways because of the environmental and energy benefits and adjustments to surface transportation policy that enables greater integration of the modes.

To conclude, surface transportation development would create new jobs and enable the maritime sector to develop new capabilities that will serve this country well.

I thank you for the opportunity to be here today.

Mr. OBERSTAR. Thank you very much. I was delighted with your testimony about short sea shipping, not only because Mr. Cummings and I authored it and created it, crafted it and put it into the energy conservation bill, but because it is a very good commonsense answer to our congestion problems.

Now, Mr. Leyden.

Mr. LEYDEN. Thank you, Mr. Chairman. I know you saved the best for last, right?

Mr. OBERSTAR. There is no last here.

Mr. LEYDEN. And I have mostly good news, so this should be fun.

I am Tom Leyden. I am the managing director of SunPower Corporation. SunPower is a manufacturer of high-efficiency products and systems. We are the leading company in the U.S. in all four sectors of the solar industry. And I have a power point that I would like to share with you.

SunPower was incorporated in 1985. And I don't know if you remember, Mr. Chairman, but I testified before you about 6 years ago. At that point, we had about 35 employees and \$30 million in sales. Well, today, this year, we expect to have \$1.4 billion in sales, and over 4,000 employees.

Mr. OBERSTAR. That is impressive. My heavens.

Mr. LEYDEN. We have a global footprint. I run the east coast office out of New Jersey.

These are the four sectors of the photovoltaic industry that we are involved in, as are other companies in the business. But I wanted to start the slide slow with this graph, which very dramatically shows what is happening in the solar industry. And it is really all about price. So that blue line is the declining price of photovoltaic module over time. And the yellow line is the growth of the solar industry.

So you see, as prices decline, the markets got bigger and bigger, and around 2000 the industry took off. And that is because at that price point, we started competing with grid-connected power.

And, frankly, we aren't quite there yet. What happened was there are governments around the world that have provided incentives that bridge the gap between our cost and what utility power was. But there were enough programs around—Japan, Germany and the U.S.—that the industry took off and is growing still at a rate of about 35, 45 percent per year.

And this illustrates exactly that point, which is prices of electricity continue to go up through conventional fuels, and the prices of solar continue to come down. And at some point the lines are going to meet, and that is what we call grid parity. That is within sight, at this point.

And so what has happened is that incentive programs have been put in place to bridge that gap, and so we actually sell energy for less than the utility does. That is how we build our business.

And I just wanted to throw this slide in. There is kind of a new paradigm developing, which is solar at today's price and solar at projected cost of production over the next 15, 20 years can build new capacity cheaper than building new power plants through conventional means. And that is nuclear, coal, gas, any means of creating electricity. And Lazard has done a study to kind of identify that.

So the good news of late is the investment tax credit that we struggled to get extended for so many times was extended in the bailout bill. That was an incredible event for the solar industry. It provides an 8-year extension of the ITC. That 8 years will basically get us to grid parity. And that 8 years of building capacity will create about 440,000 new jobs in the U.S. and investment of about $168 billion.

Mr. OBERSTAR. And that picture is of the DOE headquarters roof, isn't it?

Mr. LEYDEN. It is. I know you worked on that for a couple of years, and there it is.

Mr. OBERSTAR. Thirty years.

Mr. LEYDEN. Okay, 30 years.

Mr. OBERSTAR. We got it passed—well, before there was a Department of Energy building, that is, and got the legislation enacted to convert Federal civilian office space to solar roof, signed by President Carter, funded by President Carter, de-funded by President Reagan. Thirty years later, I am Chairman. We are going to do this.

Mr. LEYDEN. Thank you for your perseverance. We installed that. My company installed that last summer. Hopefully future projects will not take that much time.

So I am going to run through a series of slides that just illustrates the kind of projects that we have done on Federal facilities, Postal Service facilities in Sacramento and Oakland. And these are roof-top-mounted, these are ground-mounted systems, they are parking lot systems. There are a lot of ways to deploy solar.

Just keep flipping through these slides, just so you have an idea: a Marine base; a GSA in Boston; Coast Guard in Boston; Postal Service in San Francisco; GSA in Los Angeles; Fort Dix in New Jersey; Navy base in Coronado; and a postal facility in San Francisco; and then, finally, a very dramatic photo of the 14-megawatt project we built at Nellis Air Force Base last year.

Now, we built this system, which is the largest in U.S.—it was largest in the world at one point—in 6 months from contract time.

So it just shows you how quickly you can deliver solar power once we have a contract.

So what can the Federal Government do? Generally speaking, we have lots of assets in the Federal Government that we can put to use creating clean energy. Roof tops—there are 170 million square feet of Federal building roof tops that we have identified that we could put solar on. And if you did, that is about 1,000 megawatts of power, which is about enough power for 250,000 homes, just to give you some sense of how much power that is.

BLM lands, just taking 1 percent of the land that is available could build 70,000 megawatts of solar power. It is huge. Brownfields and greenfields, roadways and train stations—there are lots of Federal facilities that could be generating solar power.

And what does solar do for the Government? It creates jobs, green-collar jobs. Everyone has been talking about that of late. Again, the ITC created 440,000 jobs on its own. An aggressive Federal action can create many thousands more. It is the kind of jobs that help Main Street. It puts plumbers to work, electricians, roofers, steelworkers, engineers, architects, and so forth back to work. It revitalizes the manufacturing and high-tech sectors.

And it saves taxpayer money. These investments actually will save the Government money and pay for themselves over time. The Government spends $5.8 billion annually on electricity costs. And what I am going to propose is that we unleash the private sector to save billions of dollars of energy for the Government.

It also has the benefit of creating security. It displaces natural gas electricity production. We need to conserve the gas that we have in the U.S. It is a hedge against future price spikes. That is a very powerful factor in developing these systems.

Carbon displacement—obviously climate crisis is the largest threat facing our Nation and the world. Solar can play a big role in reducing that. It is a carbon-free source.

So what can the Federal Government do? The first thing, the easiest thing is give Federal agencies the authority to enter into 25-year power purchase agreements. Right now they are limited to 10 years. And by doing that, we could bring in private capital that would contract with those agencies to provide solar electricity for less than they are paying now for their energy. That is big.

Direct appropriations, of course you could also use building projects on brownfields in Federal buildings, installing on roadways and so forth. And then create what is called—you are familiar with the energy saving performance contracts. I would suggest you set a specific type of mechanism called solar savings performance contracts, similar to the PPA but a little bit different.

What are other things? You could work with State and local agencies to create solar jobs and solar installation programs; loan guarantees for local government, you know, for libraries, ports and other civic buildings. And then there is a fund, Green Schools Program. Apparently, it has been authorized but not appropriated. It is about a $3 billion program.

So those are the easy things. I think we have made a lot of progress in the industry. I think we could do a lot in the Federal sector, given some support. And the industry is open to some very creative ideas on how to do that the best way we can.

So thank you, Mr. Chairman and Members of the Committee.

Mr. OBERSTAR. Thank you very much.

And thanks to all of the members of the panel.

Now we will revert to seniority questioning, and we will start with Ms. Norton.

Ms. NORTON. Thank you very much, Mr. Chairman.

All of you I think have been entirely convincing that this is the time to do desperately needed work. Unfortunately I can't question all of you. I have questions for Mr. O'Sullivan on Mr. Leyden, in particular.

Mr. O'Sullivan, in this region, I have worked very closely with the laborers. Indeed, in this region, we put points in the requests for proposals—this was long before this crisis—for certified apprenticeship programs, so that you not only have to tell us how many projects you have done, da da da da, but, as you know, apprenticeship programs, certified programs. And, increasingly, the programs that we are finding are important, the pre-apprenticeship programs, save employers or contractors money, because they are people who know how to do the work.

To hear the testimony of all of you is to wonder how anything gets built today, given the sustained losses you have received.

I would like to ask—one of you talked about how contractors take just any work they can get now. I would like to ask you about people to do the work.

Now, we know that this work is not as attractive as it was, say, a generation ago and certainly in the heyday, post-World War II, let's say, when we were rebuilding America. Because a lot of these young guys would go off into some dot-com something, so they are not with their fathers were. And this is still very high-paying work.

In fact, we have seen in this region—and I really commend the laborers, in particular, because the laborers have been instrumental in helping to train people who really are desperate for work like ex-offenders who wouldn't have been trained, let's say, a generation ago. But this is heavy work. This is work that has people getting up in the morning early and being out there in the cold, much colder than it is today in Washington.

The last stimulus, which is the way we have been doing them since 1990, was not my favorite, and I hope we don't do it in this one, you know, this give people some money. That doesn't make any jobs for anybody. In fact, the Saudis are spending that last stimulus as I speak, because the gas prices were going up and people put it right there or they paid down their credit cards. That is why we didn't get anything from it.

But I want to talk about shortages of personnel in construction. Is the industry ready, if there is a stimulus of some kind that affects the industry that all of you have testified about, willing and able to train people sufficiently so that we can get we could get workers in this country who would do the work, laborers and others?

I would like to hear your discussion of the construction personnel shortage in the United States and how we were dealing with that even in the heyday that has passed us by now.

Mr. O'SULLIVAN. Well, representative, from the laborers' perspective, when we have almost a million construction workers out of work, I think we all in the industry face—we are facing workforce shortages. Now there is a shortage of work, with construction workers across this country looking for opportunities.

With the residential market being decimated, and it has been reported here the commercial and light commercial sector being affected, and now even the heavy and highway sector being affected because of the lack of funding at the State level, there is right now in our organization more workers than there is work. So I am confident that we could——

Ms. NORTON. And you think this is in the other trades, as well?

Mr. O'SULLIVAN. I believe—I don't speak for them—I believe they are experiencing the same thing. Because the industry as a whole—again, 2 years ago, 3 years ago, we were looking for more members, more workers. And now our members are come back looking for job opportunities that unfortunately aren't there today.

On the subject of training, I know in the building trades and within our organization, we have training facilities across this country. We pride ourselves on providing a skilled and capable and safe workforce. And I think we have work, the laborers have worked unbelievably with you, Representative Norton, and appreciate your efforts on our apprenticeship programs and our apprenticeship efforts in creating job opportunities with local projects, with the local workforce.

So I think the challenges are there. The challenges for us today are putting people to work. And, as I said, we have more members and more workers than we have work opportunities. And this economic stimulus bill with infrastructure spending is a jobs bill, as you said.

I know the people that I represent and I believe construction workers throughout this country aren't looking for a stimulus check; they are looking for a paycheck. And that is what this Committee stands for, and that is what this economic stimulus bill needs to make sure that it happens, that we put people to work, that we take the million that are out of work today and put them back to work tomorrow.

Ms. NORTON. I saw some heads bobbing. Does that mean all of you believe you can meet the labor force demands of a stimulus package of maybe close to $100 million with workers in this country?

Mr. DILLON. Sure. I mean, I think at this time you need to be a lot more worried about the jobs we are losing. There are a lot of people out of work. And the construction industry, everything is tailing off across the Nation. And I will bet, when we get through this winter, you are going to go to see some devastating numbers in unemployment if you don't do anything.

However, I will say that the construction industry has begun to enhance its image in the educated world. So, particularly in the State of Indiana, between Purdue University, Indiana State, IUPUI, we are starting to attract highly educated managers out of school who actually want to put shovels to dirt. They don't want to be office guys. They want to actually build things. And I think that is encouraging, as an owner of a company, to see that we have had a mindset change. And part of that is that they have found out that we pay very well.

Ms. NORTON. Yeah, I got news, people.

Mr. Leyden, I have a question for you about the workforce, whether the workforce would use the same workforce that we have been using in other highway and construction. But I am a big solar proponent right here in sunny, windy D.C. I recognize we use solar throughout the United States and that the technology allows that. I even want solar in my hybrid. The sooner you can get to that, the better.

But I was heartened to hear your testimony, because, frankly, I have been disheartened by the comparison between the almost self-starting innovation that occurred in technology—where these guys funded themselves, and, whoops, you know, they finally had a bubble—and alternative energy, which is even more desperately needed, in my view, seemed to start up with the venture capitalists, for example, much more slowly. And today we read that the venture capitalists are looking for safe bets. You know, whatever happened to their entrepreneurial spirit?

I was heartened about what you said had been the growth in the last few years. But I am wondering whether this industry—solar, wind and the like—need a big actor like the Federal Government in order to really take off. Is that what it would take to make wind and solar, which a lot of people pooh-pooh now because they don't see it coming online fast enough, really viable as an industry, a big industry in our country? Does the Federal Government need to get in there big-time and then others will follow in reduction of costs, et cetera?

I wish you would talk about that, because I am very concerned about what seems to me to be a fairly slow start, especially if you compare it to places like Europe.

Mr. LEYDEN. It is a slow start. We have grown in the U.S. through the leadership of just a few States, California being the primary State; New Jersey, believe it or not, the second largest market in the country. A few other States have had programs. It has really been on the State level that we have had leadership. We have had virtually no leadership on the Federal level.

We produce less than 1 percent of the electricity in the U.S., so we have a long, long way to go. And it is really exciting to a lot of people right now that we are getting close to grid parity, at which point the industry takes off.

So my viewpoint is, why are we going to wait that 5, 7, 8 years? Why not be supporting that now and gaining the momentum and being a leader in the world in this technology?

Ms. NORTON. Will the Federal Government in this stimulus package help bring down the cost?

Mr. LEYDEN. Absolutely. Through Federal leadership, we can reduce costs, we can build infrastructure. I am talking about industry infrastructure—sales jobs, installation jobs, service jobs, manufacturing jobs.

Ms. NORTON. Would you use the same workforce that your colleagues on the panel speak of using in their own work?

Mr. LEYDEN. Yeah. We typically have people that are roofer types and electrician types.

Ms. NORTON. How much training does it need to convert from that to solar, for example?

Mr. LEYDEN. Training that we can handle. I mean, our belief is, if the markets are there, we will create the workforce and train the workforce.

Mr. OBERSTAR. I have to interrupt at this point. Mrs. Napolitano has a flight to catch. And Mr. Cummings has graciously conceded his time for Mrs. Napolitano to question. And we will come back to the gentlewoman from the District in a moment.

Mrs. NAPOLITANO. It is very much appreciated, and thank you for allowing me to jump in.

A couple of things.

And, Mr. Leyden, I am very, very, very, very interested in greening, because IBEW and NEC, national electric contractors, are starting to green business. That is jobs. That is good-paying labor jobs.

Mr. LEYDEN. Yes.

Mrs. NAPOLITANO. And I would suggest, Mr. Chair, that maybe we need to start looking at promoting and assisting business or hospitals, schools, all those entities that pay a lot in electricity, to be able to cut that and help them establish, whether through a zero interest loan program or something, to be able to help them address their current costs, which are high.

But given that we have drought, global warming, less precipitation, climate change, there is not enough water in the rivers and dams to create the electricity. So it behooves us to start looking at being able to promote that, to then move on and be able to help business and nonprofits, I would say.

Mr. LEYDEN. That is a very good point. All public service entities could use mechanisms in order to adopt this technology, which ultimately saves them. We have schools in New Jersey that are saving over $500,000 a year in their energy costs because they put solar in. And that money goes right back into the school system. So, you know, why ship it out? Use it internally.

Mrs. NAPOLITANO. I am very interested in your 25- versus 10-year purchase agreement. That is something that possibly we may be able to tweak a little bit and see how that would work out.

And I really thank you. I would love to have your card, because I would love to continue picking your brain.

There is a physicist that has managed to put a Prius hybrid, his wife's, to produce 125 miles per gallon. Now, at the Denver Research Center, they already have it at 100. He has gone to 125. And he is also with NEC and IBEW.

Mr. LEYDEN. Great.

Mrs. NAPOLITANO. So I am very, very happy.

And I am very happy to see NUCA here, one of my contractors, Chaze Haba. Joe Valverde, out in our area, is a long-time NUCA person that has done a lot of work in construction for our highways.

So we want to continue producing jobs that are going to put people back to work.

But, Mr. O'Sullivan, I realize that laborers—and I would be remiss if I didn't mention my neighbor, that has always talked to me about international labor. And I understand you do have a clip. And with your indulgence, Mr. Chair, it is a very short clip. And if we could turn the lights down, would you mind telling us about buy/build America?

Mr. O'SULLIVAN. Sure, Representative.

"Build America So America Works," I like to think of it as an extension of the Chairman's great work and this Committee's great work on priorities and the necessity for transportation infrastructure. We are doing television ads, ads in newspapers, bus wraps, billboards all around the country in an effort to raise the profile and the need for transportation infrastructure spending in this country.

We are trying to get a million signatures, we are well on our way to that, a petition to build America that we want to certainly deliver to this Committee—this is preaching to the choir—but to the next President and the next Congress about, as we prioritize the needs of this country, transportation infrastructure needs to be near the top. And the Chairman and this Committee are doing just that, so it is an extension of the great work that this Committee is doing.

You know, right now, transportation infrastructure gets notoriety when a bridge collapses, unfortunately. And people complain about sitting in traffic every day, and crumbling roads and potholes and the rest. We need to heighten that and make sure that the general public and elected officials at the local, State and at the national level understand the priorities and the needs for transportation infrastructure in this country and the fact that the money that we spend will put people to work, so we get a double bang for our buck. We upgrade and improve our infrastructure and we put people to work in good-paying jobs in the construction industry.

Mrs. NAPOLITANO. We have a clip. Thank you.

[Video shown.]

Mrs. NAPOLITANO. Thank you so very much. That was great. And I have to tell you, I was on city council in 1986, and I passed a resolution to "buy America." So, with that, I thank you.

And thank you for your indulgence, Mr. Cummings and Mr. Chair.

Mr. OBERSTAR. Thank you.

Now the Chair will recognize Mr. Cummings.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Gentlemen, first of all, I want to thank you for your testimony. Our Chairman is always looking for practical solutions that make sense. And you all have come up with some good solutions to the problems that we face, not only in our economy but in dealing with the problems that we have here in our country with regard to structure and infrastructure.

But on the sun power, Mr. Leyden, I was very impressed with what you had to say. Are there a lot of other companies doing the same thing that you are doing?

Mr. LEYDEN. There are, yes. The industry has been growing very rapidly. We are a leader, but there are others, yes.

Mr. CUMMINGS. And did you say that you had, how many employees 6 years ago?

Mr. LEYDEN. Thirty-five.

Mr. CUMMINGS. And you have how many today?

Mr. LEYDEN. Four thousand.

Mr. CUMMINGS. That is amazing. That is amazing.

Mr. LEYDEN. And we are growing.

Mr. CUMMINGS. And as I listened to Ms. Norton's questions, I couldn't help but think about—I was telling my staff that I really would love to see some folks from companies like yours to visit some of our historically black colleges and universities——

Mr. LEYDEN. Would love to.

Mr. CUMMINGS. —that have engineering schools. Because what happens so often is that historically black colleges and universities are behind the curve sometimes. And I want to be in front of the curve. And green is very, very important today. And then when I hear those kind of statistics, Mr. Chairman, that is just very encouraging, when you can go from 35 employees to 4,000 in 6 years. I don't know how many folks can say that.

And I guess my question goes to, with the economy being what it is right now, how do you see that affecting you? Do you see it as your company being able to sustain itself? And I am not trying to get you to talk against yourself, but are you in a better, do you think, in a better position to sustain yourself because of what you do with regard to green? Or do you think you still have problems up the way?

Mr. LEYDEN. We have high demand for our product, but this crisis has definitely created problems for us. I mean, we finance our projects, so where our investors would need 7 percent return before, they now need 8.5, 9 percent return in order to justify their investment under these conditions. So that makes it very hard for us to produce low-cost electricity if we are paying more for the financing component.

So we will face that. I mean, my company is a publicly traded company, and we have a large cash reserve, so that is going to help us. We may have to do some creative things to, kind of, get us through this financial crisis until the markets loosen up a little bit.

Mr. CUMMINGS. Now, Mr. Drakos, I want to thank you. I had an opportunity to read your testimony, excellent testimony. I really appreciate it.

Mr. DRAKOS. Thank you.

Mr. CUMMINGS. And I also appreciate what you all have done in the area of short sea shipping.

And I thank the Chairman for your leadership.

I am trying to figure out, I mean, this thing seems so practical and it makes so much sense, and I don't know of anybody who has seems to be against it. I don't know of anybody. Am I missing something?

Mr. DRAKOS. I don't believe so. And thank you for that comment, Mr. Cummings. We have run into no opposition concerning short sea shipping.

One hurdle that has to be overcome is we need to build ships to handle and get this industry further off the ground than it is. So, you know, we do, as I mentioned in my testimony, we did need Title XI financing, because it is a rather high barrier to get in. So to build the ships and to get the industry moving, Title XI is a very important component.

But to answer your question in the short run, no, I am not aware of anybody that is opposing it. As someone used the comment earlier, it is a no-brainer. So what we need to do—it adds capacity to our transportation system. Bottom line, that is what it does. And I think when it is fully integrated with rail and truck, we will have an effective national transportation system.

Mr. CUMMINGS. Let me ask you this. I know you can't necessarily do a crystal ball act, but if we were to pass this, say, within the next month or 2, what do you see happening over, say, the next 2 or 3 years?

Mr. DRAKOS. On the specific items that I put in my paper, and that is the exemption from HMT and additional Title XI financing, I think what you will see is more of the freight user, of the people who are looking to move freight, they will understand and be drawn to the option of a short sea shipping venture. At the moment, it is not there. The HMT is a disincentive. And as of right now, we need to get the industry fully integrated into the transportation system.

So, in terms of a crystal ball, I think what you are going to see is cargo moving toward it, and I also think that you will see more operators, such as Coastal Connect, that are going out and going to build ships or reposition existing tonnage into a short sea shipping service. So, in 2 or 3 years, Mr. Cummings, I believe hopefully by then we will have seen the mental shift to America's marine highway as a viable option.

Mr. CUMMINGS. Mr. Chairman, again, I thank you for this hearing. I see my time is up.

Thank you all very much.

Mr. OBERSTAR. I appreciate your questions and your support, which culminated in our legislation as part of the energy bill, Chairman Cummings, on short sea shipping, something I have been working on for a good many years.

But a further answer to the very pointed question you raised, who is in opposition? No one is in opposition. There has just been no willingness to provide the financing over the last 12 years.

Previous 12 years to this Congress, the Title XI loan guarantee program was allowed to deteriorate. The Title XI construction differential subsidy program was allowed to deteriorate to a point of zero availability of funds. And, to be sure, these two initiatives, the Title XI loan guaranty, construction differential subsidy, and operating differential subsidies, were for another era of maritime shipping in America when we had 5,500 U.S. flag vessels at the end of World War II. By the time I came to Congress in 1975, we were down to 800 such vessels. Today we have 37. Because other countries have subsidized their shipbuilding, the operation, the maintenance of their maritime fleet, and this country abandoned it, the U.S. flag fleet.

The short sea shipping initiative is an opportunity for us to regain an American flag presence in our territorial waters, in the Great Lakes international waters, and in the Gulf of Mexico. And, certainly, the port of Baltimore would be a great beneficiary from this initiative, not only for RORO, for truck, trailer roll-on/roll-off, but also vessel. A vessel has already been built to accommodate 110 rail cars, freight rail cars. They have three levels in the vessel of track where the train just pushes the rolling stock on to the vessel in three layers, in three decks. And then the ship leaves from the Yucatan Peninsula and goes to Mobile, Alabama.

Now, we can do that in the Great Lakes. We can do that port to port in the United States, in the coast waters trade, and avoid the congestion on land that rail and truck traffic encounters. That is the great promise.

But we need to invest money through the Title XI Loan Guarantee Program. What will that do? You remember very well, Mr. Chairman, the great Baltimore shipyard construction that had 25,000 workers at its peak, along with the Bethlehem Steel Plant. There isn't a single ship construction worker operating now. But that industry could come back if we reinvest through the Title XI Loan Guarantee Program.

And so you have steel for shipbuilding, shipyard workers, a service to transportation in this country, reducing air pollution, reducing energy inputs, and creating enormous economic productivity. That is how our infrastructure intermodally works. So we are going to move ahead about this.

Ms. Norton?

Ms. NORTON. Mr. Chairman, I have one more question; it is really for the entire panel. I am looking to make sure, just as I did in my earlier question about the workforce, I am looking to make sure that there are not obstacles that somebody is going to jump up and cite as we move forward.

So this is for any and all of you. And it is really based on what I have seen in my own work with GSA and economic development. And I must say, I saw a reference to it in Dr. Buechner's testimony about the really enormous rise in construction costs over the last 4 or 5 or so years, with what I believe is material price escalation that we see in this town, in the transportation budgets, for example, in particular.

Now, if we do a package, a substantial package, will the cost go down in the same way that you speak of people looking for jobs in construction industry? Will the costs that we have seen over the last 4 or 5 years stand in the way of quickly getting the materials to, in fact, go in the ground?

What is your view of the escalation in material price costs on an economic rescue package for the real economy?

Mr. BUECHNER. Since 2003, cost of highway construction has gone up by almost 65 to 70 percent. So the dollar just does not buy as much construction today as it did. But the need for the money is there.

Ms. NORTON. Would a lot of it be eaten up in these costs, rather than in labor, you know, and putting people to work?

Well, somebody else may want to answer that that would have to deal with it.

Mr. BURGETT. I think a significant portion of the cost inflation that we have seen has been due to the cost of crude oil. Everything gets moved with diesel fuel and trucks and stuff like this. Fuel is used in our asphalt plants. Every ton of asphalt takes two gallons of fuel. Our prices of asphalt have gone up.

All those things, in the last few months, we have seen drastic decreases. Prices of liquid AC bought in bulk have dropped from $700 to $425 a ton. Of course, diesel fuel has dropped out on the highway from a little over $4.50 to almost $3. And the prices of steel have dropped at least 15 percent. So we are seeing drastic drops. I mean, they affect PVC pipes and sewer projects. That is all made with your petroleum.

So, basically, I think the biggest culprit that we have seen in the inflation costs have been the cost of oil. And we all know—I don't know what it did today, but last I looked it was about $64 a barrel. That is a huge drop from that $144. That has, right now, been the dog wagging the tail.

So those are down. If you can tell us what the price of oil is going to do, we can give you a good indicator of what your buying power will be.

Mr. DILLON. In the sewer industry, I would agree with what Mr. Burgett has said. I mean, a lot of the product is shipped over the road. It is all based off of fuel. Pipe is made from oil. And that is pretty much what the cost for our industry—it is coming down also.

But I will say one thing to the Chairman's little off-point, is that a lot of this stuff is pretty sexy, all these things you are talking about, between wind and solar and all that stuff. You still have to drink clean water, and it is really nice to use a bathroom and take a shower in the morning. So let's not forget about the underground.

Ms. NORTON. Well, we want those to run on solar too.

Mr. BLACK. I would concur with Mr. Burgett and Mr. Dillon. You know, we are seeing dramatic drops in fuel and energy. And that will make the dollar go further next year, in terms of construction cost.

You also have to remember that our plants on average are running at about 50 percent of capacity. So we have immense capacity to do more work. But as you ramp that up, that also lowers cost.

So, the stimulus package I think would do us very well from a lot of standpoints. And I think the dollars are well-timed, actually, with the drop in energy, to buy a lot more paving next year and in the next 6 months or 3 months than it did in the last 6 months.

Mr. DILLON. I would like to put on the table how devastating that fuel is. My company this winter was doing a large sewer project out through the middle of farm fields where we had to run generators to keep the job dewatered. And by the time I got the job completed, my fuel to run the generators ran $600,000 over-budget. And that comes right off my bottom line. That is a lot of money.

Mr. LEYDEN. The solar industry has suffered from a shortage of solar modules over the last few years because the demand has been so great. So demand is great; that is good. And the industry now is catching up to that with more production. And so we feel we can absorb—any stimulus that you create can be absorbed by the industry.

We are affected by copper, steel and glass prices, as well, but it is a less important component of our costs.

Ms. NORTON. Well, I hate to see that we had to get into a recession in order to reduce the cost of oil. But I think I can say with some confidence, given the testimony we have heard from economists and those before you, that we haven't even begun to hit bottom yet.

And as a result of what we have seen, Mr. Chairman, with the crowding of Amtrak, buses and trains, maybe the American people have learned their lesson and won't quickly go back to raise the cost of oil by hopping back into their SUVs any longer.

In any case, thank you very much for, really, a very important hearing, Mr. Chairman, which I think sends a message in and of itself: Whatever we do, that we are looking at the real economy where the average American spends money, is out of a job, and now perhaps sees that we were as concerned with them as we were with the top of the economy. It is one economy; you either rescue it all, or it doesn't get rescued.

Thank you again, Mr. Chairman.

Mr. OBERSTAR. Well, thank you, Ms. Norton, for your contributions and for your engagement, as always, your intensity to the subject matter at hand in true professorial fashion. We are grateful for your Chairmanship of the very important Economic Development, Public Buildings and FEMA Subcommittee. You do a superb job.

Mr. Dillon, we haven't forgotten about underground utility contractors, by no means. My predecessor in this Committee and in my district, John Blatnik, who was Chair for 4 years of the then-Public Works Committee, humorously one time suggested that we require all sewer and water pipes to be built two feet above ground so people would bump into them and notice them.

Mr. DILLON. I agree, I concur.

Mr. OBERSTAR. Because he said, when we get these projects built, they are buried in the ground and people forget about them, and they come and say, well, John, what have you done for us lately? They don't remember the water and sewer and the other things that are below the ground.

Well, that was tongue-in-cheek, of course, on his part, but our water and sewer and sewage treatment facilities are aging. We have water systems in the Northeast and New England that are 100, 150 years old. Some are still wooden water pipes that are deteriorating.

In the District of Columbia, in Ms. Norton's district, almost every week there is a report of a water main burst someplace that stops traffic and causes delays. And that is because cities don't have the money to go in and repair and replace, as they need to do, as they know they must do.

When we do the I&I, the in-sewer review by television cameras of the quality of the piping, cities know where they have to replace, where they have to fix, where they have to build new, completely take it out and totally replace it, but they don't have the money to do it.

And for 12 years, the State Revolving Loan fund has been expired. And it has been funded year to year by an ever-decreasing appropriation. That means fewer laborer jobs. That means less aggregate. That means less construction, less pipe, less steel. Everything is hurt when there is a failure to invest.

And we moved that bill, as I said at the outset, we moved it $14 billion. But we started with $20 billion. But we had to scale it back because of the objections from the Office of Management and Budget. Well, the Senate hasn't acted on it. The bill passed this Committee, it passed the House overwhelmingly; the Senate hasn't acted.

Next year we are going to come back, we are going to come back with a bigger bill. We will have a new Office of Management and Budget, or at least a new director. I don't care about the minions over there; we will just roll over them. Whatever we have to do, we are going to pass something big. We need to do it. The country is desperate.

President O'Sullivan, I like your ″paychecks, not stimulus checks.″ I remember in 1975 when President Ford proposed a tax credit to stimulate the economy. And the day after he made the proposal, I got a call from—it was a $50 tax credit—from a gentleman who lives in my hometown, not far from our house actually. He said, Jim, I went down to Lampert Lumber Yard to ask what I could get for 50 bucks, and they said, well, we could sell you a screen window. He said, I don't need a screen window. Why don't you take that money and put it into roads? Well, that is not what they wanted to do at that time, and the money went out in those little $50 checks.

A few years passed, and we had the Carter administration. They, too, wanted to do a stimulus package with a tax credit. And that was $100. Same fellow called. He said, Jim, Lampert Lumber Yard is gone because you didn't buy anything from them, so now it is down to only one lumber yard in Chisholm, it is King Lumber. And I asked them, what could I do with 100 bucks? And they said, well, it could buy you a little screen door or maybe some two-by-fours. He said, I don't need the two-by-fours and I don't need the screen door. Why don't you go and fix those potholes in our road?

Well, we are at the same place. And I don't know what has happened to those stimulus checks. Maybe they paid down some credit card debt. Maybe they did some other good in some way. Only three or four people that I know of have come to me and said, gee, that was nice, I put it in the bank, but you should have invested in our roadways, you should have invested in our bridges, you should have helped us build water and sewer lines.

And your members are on the bench now. After TEA-21 we had 3 million new construction jobs in 2 years. And we had funding in that legislation for training, Mr. Kaniefski will well recall, for training of construction workers. And Mr. Mica and I were talking, just before he had to leave and go back to Florida, about providing similar language in the upcoming transportation bill to train perhaps new workers. Although right now, with 850,000, nearly 900,000 out of work, we don't have to do an immediate training program. But we might if we are going to expand that workforce.

Mr. Black, I have heard from your representative in Washington, Mr. Hay, about members of your association closing and those who are on the edge. How many sand and gravel aggregate producers have closed in this last, say, 6 months, and how many are on the bubble right now?

Mr. BLACK. Mr. Chairman, I don't have any specific data on that. Perhaps Dr. Buechner has some data on this specifically. But I can tell you, our own plants, I can tell you we have closed about 10 percent of our plants. And we are pretty representative of the industry, and so I would say that is probably the amount that has closed across the industry. And so that adds up to quite a few small, single-plant players.

Mr. OBERSTAR. Is the existing capacity capable of responding to a stimulus initiative of the kind we are talking about here?

Mr. BLACK. Absolutely, sir. The capacity of our plants—again, we have closed 10 percent, but the remaining plants are running at a fraction of their capability. So, I think industry wide, the industry is probably at 60, 70 percent capacity. We are at 50 percent capacity. And like Mr. O'Sullivan said, there are plenty of workers to hire.

Mr. OBERSTAR. And if you ramp up, will you hire new people, or will you produce with existing workforce?

Mr. BLACK. No, we would ramp up. We lost 2,500 employees this year. We will probably lose another 2,500 next year. These are all employees we would love to hire back. And we will call them back, and we will put them to work, and hire new ones.

Mr. OBERSTAR. Dr. Buechner, I remember so well my predecessor telling me about the early days of the Federal Highway Trust Fund and the interstate highway program and how five men, some of whose portraits are in the next room, sat around the table to plot this out.

And they rejected the proposal by Eisenhower's Secretary of Treasury to finance the interstate highway system with a bonding proposal. They said that we would not only have to pay back the capital, the principal of the bonds, we have to pay interest on the bonds, and we have to pay fees to bond traders. And instead, they proposed the highway trust fund, the three cents.

And I had asked our Committee staff to get for me the price of gasoline in 1956. You had already researched it. That three cents represented 10 percent of the cost of fuel. But they didn't turn around and say, ″Oh, my God, we can't tax anything.″ Like Russell Long said, ″Don't tax you, don't tax me, tax that fellow behind the tree.″ They didn't run. They said, ″This is an investment in America. This is an investment in the future of this country. It is for the good of all of our fellow citizens, for our economy.″

And they found, by February the following year—Eisenhower signed the bill in June of 1956, construction started on the interstate in September. By February of 1957, they needed another penny. That additional cent passed the House on a voice vote. You can't pass the prayer on a voice vote today. But there was a consensus then, and we need that spirit today, of looking over the horizon and seeing what is good for America.

And I am going to travel this country. We are going to drive that issue home. We are going to need all the help of all of you at this table and all of the others who have testified today to drive that message home to America, that we have to reinvest in this country. As the commission said, the Transportation Policy Study Commission, there is no free lunch. The last time manna came down from heaven was 3,500 years ago, and God isn't doing it anymore. We have to provide the funding.

And our gross domestic product in 1956 was $345 billion. Today it is $13 trillion. We had one car per household in 1956. Today we have a little over two cars per household. Per household income was $4,800. It is $48,000 today. We drive two to three times farther in our vehicles today than we did in 1956. We will have to move to a vehicle-mile-traveled-plus-weight formula to finance the future in addition to the Highway Trust Fund gas tax user fee system.

We will find the revenues for it. I am going to move us in that direction. This Committee will move together. We will do these things. But we have to start right now. And you have laid out the ideas for it.

Now, AGC has suggested a maintenance of effort, which in principle I like the idea. The Senate, in their version of the rescue plan or job stimulus program, did have a supplement-not-supplant provision. But that raised some questions legally as to what DOT would do and what States would do. And then operationally it raised some questions that, in fact, we are already finding that U.S. DOT is telling States, "Look, if this issue resurfaces, then we are going to have to pull back on funding. You may not be able to finance projects out of your TIP," your transportation investment plan.

And while we want, in fact, the concept of supplement, not replace, State funding, we are going to have to word that in such a way that the DOT can't mess it up and use it as a drag on the economy or drag on the program rather than a stimulus to the program. So if your staff have some ideas about how we can fashion that language, we would welcome your input.

And I have already talked about the underground utilities. In fact, my predecessor, John Blatnik, spoke at the very first meeting of your organization in 1972 in New Jersey.

Mr. DILLON. That is great. He liked drinking water too, especially clean.

Mr. OBERSTAR. And you have already very aptly cited the deterioration of the Nation's waters. Mr. Drakos already talked about loan guarantees for short sea shipping.

Mr. Leyden, we have under the jurisdiction of this Committee 367 million square feet of Federal civilian office space. The electricity bill is $500 million a year. We could cut that 40, 50 percent, maybe more, with photovoltaics alone. We have directed, in the energy bill legislation from this Committee, the GSA to survey every Federal civilian office building in this country for its photovoltaic capacity, whether roof or wall or in other fashion, compact fluorescent substitute for incandescent lights, and other energy-saving initiatives that we spelled out, and I will not go into detail, in that legislation. And those surveys are under way.

Mr. LEYDEN. Good.

Mr. OBERSTAR. But in 1977, I was my second term. I had, just quite by accident, an opportunity to chair a hearing of the Public Building Subcommittee on a study by the sheet metal workers' union and a group of economists to convert Federal civilian office space to a photovoltaic uses and source of energy. And the price of electricity from photovoltaics was $1.25 per kilowatt hour and seven cents on the investor-owns. They estimated that with a $175-million-a-year investment over 3 years, convert the buildings, you create a market for the private sector to produce, Government to consume, and it would create 130,000 sheet metal worker laborer and electrical worker jobs.

I thought it was a good idea, so I had the staff draft the bill, and I testified at our own Committee hearings on behalf of it. Senator

Humphrey picked it up over there, he got it passed. Carter signed it, put the $175 million in his last budget, lost the election, and Reagan abolished the alternative energy program. It set us back 30 years.

Mr. LEYDEN. That is when I started my solar business.

Mr. OBERSTAR. But then, in the private sector, you and others continue to produce quality—look, if it is good enough for the space program, it is good enough for us on Earth. If it is good enough for the Forest Service to use in remote sensing stations, or the Park Service, it ought to be good enough for our Federal office buildings.

And we can do these things, and we are going to make a difference in America. We started with the Department of Energy, and we are going to continue and save taxpayer dollars and save adverse inputs into the environment.

Well, thank you for your patience in listening to my soliloquy. But I love what you are doing. You have made a great contribution to our hearings.

We are going to now fashion these recommendations into a larger legislative initiative. We will have it ready for the House to consider on November 17, when we reconvene after the election.

Now, call your Members of Congress, Senators, tell them to support us. I know we will have good bipartisan support for this legislation.

Thank you very much. Thanks to all of our witnesses today.

The Committee is adjourned.

[Whereupon, at 4:25 p.m., the Committee was adjourned.]

Michael A. Arcuri

U.S. Representative Michael A. Arcuri
Committee on Transportation and Infrastructure
Opening Statement for Full Committee Hearing
October 29, 2008

I would like to thank Chairman Oberstar for holding this important hearing. Americans are in the midst of an economic crisis. The turmoil on the financial markets has left all Americans wondering what has or will become of their life savings or their retirement or pension. These are uncertain economic times – companies are scaling back production and laying off workers. Each day brings renewed fears of what lies ahead. People are looking to their government for the leadership and resolve to steady this economy and guide the way safely through these economic times. You have shown that leadership, Mr. Chairman, on this committee and set the example for all of us in Congress.

I applaud the immediate action that you have taken to explore the opportunities that this committee has to address the needs of our nation's economy. Every member of this committee is aware that the current administration has consistently underfunded or cut funding for our nation's critical infrastructure needs over the last eight years. It is something that we have heard at numerous hearings. The Army Corps of Engineers has such a backlog of existing projects that they are unable to address new needs that arise. Mother Nature has turned a blind eye to our budgeting constraints and many areas have suffered from flooding or hurricanes that desperately require Federal support.

In fact, one such recent disaster – flooding during the summer of 2006 – caused damage that local communities in my Upstate New York district are still working to repair. One of the projects aimed at correcting this damage and protecting one of the communities I represent from future damage is what prevents me from attending this hearing today. The City of Oneonta, New York, which I represent, lies at the headwaters of the mighty Susquehanna River. Of course, the Susquehanna is not usually anywhere near as mighty in my district as it is where it enters the Chesapeake Bay. But for two days in July 2006, heavy rains caused severe flooding that flooded towns and cities, washed out roads and sections of the Interstate and even, sadly, claimed lives.

Funding shortages have slowed efforts to restore local flood control infrastructure in many of these communities, but the City of Oneonta is today at a critical juncture in its efforts to reconstruct its raceway that diverts stormwater and overflow from the City's reservoirs away from residents and businesses. This morning, I am meeting with local officials in an attempt to help forge a consensus between them and the concerned state and federal agencies, so that construction can finally begin on this important project.

While this matter prevents me from attending today's hearing, I understand the business before the committee is of great importance as we investigate the ways in which an immediate investment in infrastructure might generate the sort of long-term economic stability that our economy needs. Infrastructure and transportation projects that sit ready to be constructed, but for a lack of funding, have the potential to create thousands of jobs and get unemployed Americans back to work. At the same time, completing these projects will strengthen the public infrastructure that drives the engine of local economic development initiatives across the country.

I anticipate that many of our witnesses will speak to the importance of providing immediate funding for water infrastructure, highway and bridge projects. In addition, I hope that some consideration will be given to addressing the challenge of expanding our broadband infrastructure, particularly in the more rural areas of our country. Funding from the Public Works and Economic Development Program of the Economic Development Administration can be utilized by state and local governments and non-profit organizations to make critical improvements to telecommunications and broadband infrastructure. Projects carried out under this program are designed to enhance public infrastructure in rural, economically stressed areas in order to facilitate business creation, expansion or retention.

Expanding rural broadband access can help attract new businesses to these areas. Allowing states and local governments access to funds through the Public Works Program to expand broadband access may be necessary to overcome barriers and disincentives that may prevent private entities from investing in broadband expansion in these areas. A new study released this week has found that telecom companies may be discouraged from expanding broadband access because they receive greater fees for carrying traditional, hard-line phone calls than they do cellular or VOIP (voice over internet protocol) calls. If this is in fact the case, it is imperative funds for broadband be available to local governments and non-profits so that economic development efforts in these areas are not stymied. This is a topic of great interest to me and I hope that we on the committee will give it increased attention in the coming months, and consider funding broadband expansion into rural unserviced areas as part of the infrastructure developments necessary to move our country forward.

Though I am unable to be here today, I look forward to reading the testimony of the witnesses as to the number of projects awaiting funding, of the jobs they will create and the extent to which their completion will address our critical infrastructure needs. Thank you.

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OPENING STATEMENT OF
THE HONORABLE RUSS CARNAHAN (MO-3)
HOUSE TRANSPORTATION AND INFRASRUCTURE COMMITTEE

Hearing On
Investing in Infrastructure: The Road to Recovery

Thursday, October 28, 2008

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Chairman Oberstar and Ranking Member Mica, thank you for holding this important hearing to examine how investment in infrastructure will lead to economic recovery and job creation.

Last month eighty percent of states reported jobs disappearing, almost doubling from the number of states in August. Just recently Federal Reserve Chairman Ben Bernanke along with a majority of surveyed economists voiced support for Congress to pass a second economic stimulus package that would include funds for roads and bridges. By providing funds to America we can mend a two-fold problem that involves a deteriorating infrastructure and increased domestic job loss.

While certain infrastructure projects may require lengthy processes there is a subset of projects that can have an immediate effect. For example in my home state of Missouri, the seventy year old Brownville Bridge is structurally deficient; it has a rating of 3, which is lower than the rating of the I-35W bridge that collapsed in Minnesota. The Brownville Bridge rating shows a serious condition that if dropped to 2 would cause the bridge to close and would force fellow Missourians to make a 123-mile detour. However, this can be avoided by adding meaningful jobs to the American workforce.

By including infrastructure into the economic stimulus package it will ensure that the effects from these investments will be experienced in the United States. Not only would the construction work be done here, but most transportation construction materials and equipment are manufactured here in the United States.

We can rebuild our roads and American's wallets by taking action now.

In closing, I want to thank our witnesses for joining us today to share their prospective on what can be done to get on the road to recovery by investing in infrastructure.

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Statement by Congressman Jerry F. Costello
Committee on Transportation and Infrastructure
Investing in Infrastructure: The Road to Recovery
October 29, 2008

Thank you, Mr. Chairman. I am pleased to be here today as we examine how infrastructure investment contributes to job creation and economic recovery. I would like to welcome today's witnesses.

The United States has an extensive system of highways, ports, locks and dams, and airports. Yet, we have neglected our infrastructure over the years and as a result, it needs major improvements and modernization. According to the Department of Transportation's Conditions and Performance Report, 57.8 percent of travel occurs on roads with less than "good" ride quality; 13.1 percent of highway bridges are structurally deficient; and 13.6 percent of highway bridges are functionally obsolete; and over one half of all urban rail transit stations are substandard.

These statistics, coupled with our failing economy and a skyrocketing national unemployment rate – which is particularly high in the construction industry, reaching 9.9 percent in September 2008 - demonstrate that we must make the necessary investments in our transportation and other public infrastructure. It is critical to our nation's economic growth, our competitiveness, and the quality of life in our communities. That is why I have consistently said that any economic stimulus legislation we consider must contain an infrastructure component because of the job creation perspectives.

According to the Transportation for Tomorrow report, a significant surface transportation investment gap exists that can only be filled by an annual investment level of between $225 billion and $340 billion by all levels of government and the private sector. If we look at our current capital investment from all sources in all modes of transportation, it is $85 billion, well below the recommended level.

I am Chairman of the Aviation Subcommittee and we continue to struggle with congestion and delays and modernizing our air traffic control system. According to the FAA's Operational Evolution Plan (OEP), new runways and runway extensions provide the most significant capacity increases. The FAA's 2009-2013 National Plan of Integrated Airport Systems (NPIAS) states that during the next five years, there will be $47.9 billion of AIP-eligible infrastructure development, an increase of 21 percent compared to the last NPIAS. And, the FAA and other airport groups have stated that the current NPIAS report may understate the true cost of needed capital investment.

As you can see, aviation infrastructure is much-needed and that is why in HR 2881, the FAA Reauthorization Act of 2007, we increased the PFC and also increased the authorization for AIP by $4 billion over the Administration's proposal. Further, I am supportive of HR 7110, the Job Creation and Unemployment Relief Act of 2008, which provides $600 million for aviation and

$30 billion total for transportation programs that could create or sustain more than 834,000 jobs.

By investing in our infrastructure, we accomplish many very important goals – we can reduce congestion and delays in our skies, on our roads, in our ports and on our waterways which is costing us excessive amounts of money, we increase safety and improve efficiency, we put people to work and we strengthen our economy. HR 7110 can ensure we make the necessary improvements to our entire transportation system and that the US economy remains strong. I am interested in hearing more from our witnesses on these issues.

With that, I look forward to today's hearing as we discuss infrastructure investment and economic recovery.

COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE

"Investing in Infrastructure: The Road to Recovery"

October 29, 2008 – 9:30 a.m.
Room 2167 Rayburn House Office Building

Opening Statement of Congressman Elijah E. Cummings

Mr. Chairman:

Thank you for convening this critical hearing to give us the opportunity to examine how investments in needed infrastructure improvements can help support our nation's economic recovery while contributing to our renewed economic growth over the longer term.

Our nation confronts a staggering economic crisis that reaches now to every industry, every community, and essentially every family.

In response, the Congress has already approved a massive expenditure of taxpayers' money to bring stability to the financial system, including by providing a direct infusion of cash into U.S. banks.

However, to the dismay of many of us in the Congress, this money may not yield the benefits to average Americans that it was intended to provide because it appears that many banks are reluctant to lend the aid they are receiving to the businesses and borrowers that so urgently need credit.

Thus, despite unprecedented interventions – interventions which I believe should come with strict conditions – the U.S. economy appears headed toward a recession. Our nation has already lost 760,000 jobs so far this year, including 340,000 jobs lost in the construction industry alone.

Too often in the past, Congress has failed to take action to support economic recovery until after the worst of an economic crisis has passed.

To ensure that we don't make the same mistake again, the Congress should enact legislation now that will support both our immediate economic recovery and our long-term growth.

Though it is not the purview of this Committee, I believe that such legislation must include the extension of unemployment benefits and the expansion of food stamp benefits.

This legislation must also provide funding for infrastructure projects that can be initiated during the coming months.

Declining revenues into both the federal and state transportation trust funds are destroying jobs, leaving states struggling to keep up with maintenance needs, and causing states to delay planned projects.

My own state of Maryland recently announced more than $1 billion in cuts to its multi-year transportation program – as Maryland Transportation Secretary John Porcari will discuss during his testimony.

In this economic environment, investments in infrastructure – unlike, apparently, bailouts to banks – can effectively create good-paying jobs while supporting the repair and expansion of the infrastructure that will carry a recovering economy forward.

Importantly, as Chairman of the Subcommittee on Coast Guard and Maritime Transportation, I believe it imperative that federal infrastructure investments target water-borne transportation as well as the other surface modes.

For example, under the Truman-Hobbs program, the Coast Guard is currently altering several bridges around the country to ensure they are not obstructions to navigation. Accelerating these bridge modifications will provide additional jobs while improving navigation.

Additionally, I note that the second hearing I convened in the Coast Guard Subcommittee during this 110th Congress examined short sea shipping, which is the movement of goods by water from one U.S. port to another or between a U.S. port and a port in Canada.

During that hearing, the Subcommittee received testimony from experts in the maritime industry indicating that one of the biggest impediments to the expansion of short sea shipping is the Harbor Maintenance Tax.

The Harbor Maintenance Tax adds costs to waterborne transportation that are not applied to landside transportation. Additionally, because the tax must be paid by each shipper with a piece of cargo on a ship – rather than by the owner of the ship – and because cargo can even be double-taxed under certain circumstances, the

Harbor Maintenance Tax has the perverse effect of encouraging transportation by modes other than water, which only adds to congestion on those modes.

I introduced legislation – H.R. 1499 – to exempt short-sea shipping from the Harbor Maintenance Tax. The CBO has prepared a preliminary estimate indicating that this measure would cost only $12 million in total forgone revenue to the Harbor Maintenance Trust Fund over 10 years.

Given the Harbor Maintenance Trust Fund's multi-billion dollar balance, this is an affordable investment to expand the environmentally friendly movement of freight by water and I urge that it be considered for inclusion in any new legislation enacted by Congress to support economic recovery.

I again thank Chairman Oberstar for convening this hearing and for continually pushing our nation to invest in our own future by investing in infrastructure. I also applaud Ranking Member Mica for his leadership – and I yield back.

Full Committee Hearing on Investing in Infrastructure: The Road to Recovery
October 29, 2008
Statement for the Hearing Record

Rep. Thelma Drake (VA-02):

Our nation is facing many diverse transportation challenges. Our nation's infrastructure has begun to show its age and congestion across all modes of transportation has become a major concern not only in our day to day quality of life but also economically in the movement of goods and services.

I believe that investment in infrastructure is a fundamental federal responsibility and should be a top priority for federal funding. Our nation needs a 21st Century infrastructure to meet the needs of a 21st Century economy.

Recently, there has been much discussion both on Capitol Hill and in the news media about the possibility of a second economic stimulus package. Should a stimulus bill be determined necessary, I believe it must be well targeted so that its impact would be felt soon, get maximum benefit in terms of economic impact, and not increase the long-term deficit. Above all, I hope that bipartisan cooperation will prevail at a time when the American people need it most.

Since joining the Committee at the beginning of this Congress, we have operated in this way. We have worked together to address shortfalls in our nation's Highway Trust Fund to maintain, build and repair our nation's roads and bridges; improve our nation's water infrastructure, support additional funding for bridge repairs, reconstruction or replacement; and support new efforts in Passenger Rail improvement and High Speed Rail development among others. We must continue to reach across the aisle to work together for the best interest of our nation and its people.

Building our nation's infrastructure and creating jobs should be considered as a goal of any economic stimulus measure. This should not be an opportunity to weigh down legislation with pork barrel spending and new programs. We should move forward with projects critical to improving our deteriorating infrastructure and providing out-of-work Americans with jobs.

I have been working to advance the Heartland Corridor project as well as the use of our maritime highway system through Short Sea Shipping. The Heartland Corridor project will provide port, rail and infrastructure improvements to increase intermodal freight capacity on rail lines that run from the port of Hampton Roads, Virginia through to the Midwest. This effort will expedite the delivery of cargo shipments to the Midwest from the East Coast and will reduce highway congestion by diverting truck traffic. Short Sea Shipping can help maximize the use of our underutilized waterways to relieve congestion in Hampton Roads and to move freight in a more efficient and environmentally friendly manner.

Both of these projects are examples of what could be considered as part of a transportation package in any stimulus measure. These projects and others like them, will create jobs, relieve congestion, and provide needed efficiencies in our transportation infrastructure, which is the backbone of our nation's economy.

Thelma Drake

Statement for the record by Rep. John Hall
Transportation and Infrastructure Committee Hearing
Investment in Infrastructure: The Road to Recovery
October 29, 2008

Mr. Chairman, I would like to begin by thanking you for calling this important hearing today. I don't need to tell you that we are in the midst of a period of economic turmoil that may be the greatest threat to our prosperity since the Great Depression. Americans from all walks of life are nervous about their savings, their homes, and their futures. While the troubles on Wall Street seem to get the majority of the press coverage, Main Street has not been immune from trouble. The national economy has lost almost 600,000 jobs since January. And in the last year, the national unemployment rate has risen almost 45%, increasing from 4.3 percent to 6.1 percent. It has become abundantly clear that we need a new Economic Recovery package to stimulate the economy and get people back to work.

At the same time, the infrastructure that America depends on to function, our roads and bridges, our water and sewer treatment plants, our rail system and our airports and our rivers, dams and locks are aging rapidly and not being given the upkeep they need to continue functioning as they must. It is a tragic fact that infrastructure is taken for granted until it fails, and in some cases, our infrastructure is getting far too close to failing. In my district alone there are 13 bridges that are considered structurally deficient by the Department of Transportation. Yet we are not putting the investment in place to make the repairs that are necessary to fix those structures and make up for years of neglect. As a result, deficient structures are not being repaired, and pose ever greater danger to our safety, and more and more structures are becoming structurally outdated and worn down, substantially increasing the risks we face.

As I believe this hearing will demonstrate, by increasing our investment in American infrastructure we can help solve both of these problems at once. Any infrastructure investments we fund will make a long lasting and tangible, positive impact on the assets of this country, and at the same time create jobs in industries that have struggled the most in recent years.

We have a tremendous backlog of urgent highway and bridge investment needs that we could implement quickly if the funds are made available. Higher gas prices have pushed more riders onto railroads and other public transportation which continue to provide service despite increased costs and budget costs. Investment in public transportation, including increased parking capacity at existing train stations, is a sure way to improve service, increase ridership, save energy and complete long overdue maintenance and repair. We also need to invest in water and sewer infrastructure to protect our water resources and implement an increased amount of federal support for the construction and repair of our waterways. Vital projects that deal with flood control, navigation, ecosystem restoration, and water supply must receive increased funding to provide full protection to our lives and our natural resources.

In addition, this investment will be an important stimulus for economic growth. From our country's earliest days, investment in infrastructure has been accompanied by increased growth and enhanced prosperity. To give a real life example, the construction industry is suffering among the highest unemployment rates of any industrial sector, with more than 800,000 construction workers out of work. Increasing infrastructure investment will be the shot in the arm the construction industry needs, from which the ripple effects will go a long way towards improving the economy as a whole.

We have an opportunity to produce a trifecta of benefit to our country through increased investment in renewable energy infrastructure, weatherization, and high efficiency buildings. I have personally helped install solar photovoltaic systems in both commercial and residential buildings in my district and help West Point begin to plan wind, solar, geothermal and E-85 projects on the base. However, the demand in New York's Hudson Valley for green buildings and energy systems far exceeds the financing currently available. Investment made on this front will not only increase employment, putting money into the local economy, but they will also reduce our dependence on foreign oil and our pollution and emissions including greenhouse gases. And there positives go well beyond that. The new vertical-axis wind turbine which was just installed on the roof of an office building in Poughkeepsie, NY, is as beautiful as a sculpture, does not have to rotate to face the wind, is self regulating in a high wind event, and cannot throw a blade. The success of this turbine opens the possibility that every tall building in America could generate at least some of its own power. Mayor Bloomberg of New York has proposed a similar if more expansive program for a "Sustainable New York," a plan that includes creative uses of renewable energy, and would lead to a significant number of new jobs in the area.

It's clear that investing in our infrastructure to meet demand while creating jobs and spurring economic recovery is a win-win scenario, but we can do even better with the above win-win-win approach. This Committee has already been highly aggressive in promoting mass transit programs, the expansion of freight rail services, and other methods to break our dependence on foreign oil. This Committee lies at the nexus of the efforts to revitalize our economy, modernize our transportation infrastructure, and achieve energy independence. We have an opportunity to pursue transformational solutions that will address all of these needs and ensure a prosperous nation for future generations. I thank the Chairman for holding this hearing.

JAY INSLEE
1ST DISTRICT, WASHINGTON

COMMITTEE ON ENERGY AND COMMERCE
TELECOMMUNICATIONS AND THE INTERNET
OVERSIGHT AND INVESTIGATIONS
ENERGY AND AIR QUALITY

COMMITTEE ON RESOURCES
NATIONAL PARKS, FOREST, AND PUBLIC LANDS

SELECT COMMITTEE ON
ENERGY INDEPENDENCE AND
GLOBAL WARMING

Congress of the United States
House of Representatives
Washington, DC 20515–4701

SHORELINE CENTER
18560 1st Avenue, NE, Suite E–800
Shoreline, WA 98155–2150
(206) 361–0233
Fax: (206) 361–3959

17791 FJORD DRIVE, NE, DOOR 112
POULSBO, WA 98370
(360) 598–2342
FAX: (360) 598–3650

403 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–4701
(202) 225–6311
FAX: (202) 226–1606

Jay.Inslee@mail.house.gov
www.house.gov/inslee

Rep. Inslee Statement for the Record
Committee on Transportation and Infrastructure
Hearing on Investing in Infrastructure: The Road to Recovery
October 29, 2008

Mr. Chairman: I sincerely appreciate you holding this timely hearing to address strategies to invest in our nation's infrastructure.

As you and the members on your Committee know, our nation is in a critical situation. Gas prices are in flux, food prices are rising and the unemployment rate is at a staggering 6.1%, the highest level in five years. Additionally, our nation's transportation sector produces one-third of all carbon dioxide (CO_2) emissions in the U.S. and is the fastest growing source of domestic greenhouse gas emissions. More than ever, our nation is in need of an investment in green transportation infrastructure, and a substantial federal investment in this area would provide financial relief to families facing high fuel prices and increase our nation's investment in a clean energy economy.

I strongly believe that investing in green transportation infrastructure will not only create jobs but will create an affordable, reliable alternative for people's transportation needs while combating climate change. Studies have shown that for every billion dollars of federal investment in public transportation infrastructure 35,000 new jobs are created. Additionally, $10 million in capital investment in public transportation systems equals $30 billion in increased business sales.

There are a number of green transportation infrastructure provisions that fall within the jurisdiction of this committee that will put people to work and create alternative, cost effective solutions for our nation's transportation needs. Those provisions include bus, rapid transit and light rail infrastructure as well as freight rail infrastructure and rural economic development. Additionally, the outcomes of these jobs address the long term threat of global warming. Therefore, in the context of the forthcoming stimulus package, I urge the members of this committee to request that a significant portion of funds get dedicated to provisions that will create transit and infrastructure projects that help to reduce our country's fuel consumption.

CANDICE S. MILLER
10TH DISTRICT, MICHIGAN

WASHINGTON OFFICE:
228 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225–2106
FAX: (202) 226–1169

DISTRICT OFFICE:
48653 VAN DYKE AVENUE
SHELBY TOWNSHIP, MI 48317
(586) 997-5010
FAX: (586) 997-5013

Congress of the United States
House of Representatives
Washington, DC 20515–2210

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
HIGHWAYS AND TRANSIT
WATER RESOURCES AND ENVIRONMENT

COMMITTEE ON HOMELAND SECURITY
EMERGENCY COMMUNICATIONS, PREPAREDNESS, AND RESPONSE
MANAGEMENT, INVESTIGATIONS, AND OVERSIGHT

SELECT COMMITTEE ON ENERGY INDEPENDENCE AND GLOBAL WARMING

October 30, 2008

The Honorable James Oberstar
Chairman
Committee on Transportation
and Infrastructure
2165 Rayburn House Office Building
Washington, DC 20515

The Honorable John Mica
Ranking Member
Committee on Transportation
and Infrastructure
2163 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Oberstar and Ranking Member Mica:

I want to thank you for convening yesterday's hearing on the importance of including funding for infrastructure projects upcoming economic stimulus legislation. The hearing showed the broad consensus that investment in our nation's infrastructure will go a long way toward putting Americans back to work.

As you will recall, one of my main points at yesterday's hearing was the fact that in order to be truly simulative to our economy we must target stimulus dollars to states that are experiencing the worst effects of the economic downturn. We need to put people back to work all across America, but it is particularly important that we do so in the states that are experiencing the highest unemployment. It simply makes no sense to try and put more people to work in areas that do not have as serious economic challenges.

Governor Corzine provided an interesting parallel to this concept during the hearing. When the federal government distributes homeland security dollars to states, they do so based on where the threat is the greatest. While every state gets something, the majority of the funding is directed to places where the threats and fallout of a terrorist attack are most serious. Likewise, efforts to stimulate the economy should be directed to the areas that are experiencing the greatest economic challenges.

The stimulus legislation that passed the House in late September provided significant funding for infrastructure improvements across the country, and I was proud to support it. However, the transportation dollars were slated to be distributed based on the formula used for existing highway distributions. This formula is inadequate as it has no regard for unemployment in each state, but rewards states under the same donor/donee status. My home state of Michigan is a donor state and has the dubious distinction of having the highest unemployment rate in the nation. If we are to continue following the existing formula, the hard pressed taxpayers of Michigan would actually be subsidizing efforts in other states that are not experiencing near our level of economic difficulty. That is simply wrong and goes against the goal of providing a needed stimulus. Combine this with the fact that the dollars we are to be appropriating will come from the general fund and not the transportation fund and there is simply to no reason why the current highway funding formula must be followed. If we are serious about infrastructure funding as a stimulus, then how we distribute these dollars must take into account current economic realties.

I would like to work with you as you craft the provisions for a new stimulus package to incorporate a new formula. Per the testimony of Dr. John Irons, this formula should take into account unemployment rates in each state. Through a new formula, we can ensure that stimulus dollars flow to the places where they can provide the most benefit and put the most people back to work.

Thank you for your attention to this letter and your cooperation on this issue.

Sincerely,

Candice S. Miller

Candice S. Miller
Member of Congress

Cc: Michigan Congressional Delegation

Statement of Representative Harry Mitchell
House Transportation and Infrastructure Committee
"Investing in Infrastructure: the Road to Recovery"
October 29, 2008

Harry E. Mitchell

Thank you, Mr. Chairman for holding today's hearing, through which we will examine how investing in infrastructure contributes to job creation and economic growth.

In Arizona, we've already seen how investing in transportation projects stimulates local economic development.

For example, consider the Phoenix area's new light rail system. The system isn't scheduled to open until December of this year, but it is already having a major positive impact on our economy. As of Spring 2007, the City of Phoenix Downtown Development Office estimated that the light rail project has already encouraged more than 3.5 billion dollars in development, including 8.25 million square feet of commercial space and over 6,000 residential units.

However, due to a struggling U.S. economy and serious budget deficits in states like Arizona, thousands of planned highway and transportation projects have been stalled. Recently, I voted for and the House passed legislation to invest in $30 billion in ready to go transportation and public infrastructure projects, the Job Creation and Unemployment Relief Act, H.R. 7110.

In addition to local commercial development, this investment would stimulate the U.S. economy by creating approximately 834,000 jobs and utilizing American manufactured construction materials and equipment.

This investment would be critical for Arizona where the Arizona Department of Transportation (ADOT) has estimated that there are approximately 72 highway projects and 6 transit projects that are ready to go within three months.

The committee has brought together a distinguished group of witnesses today, and I look forward to their testimony.

STATEMENT OF
THE HONORABLE JAMES L. OBERSTAR
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
HEARING ON "INVESTING IN INFRASTRUCTURE: THE ROAD TO RECOVERY"
OCTOBER 29, 2008

Today's hearing will highlight the role of infrastructure investment as a critical factor in restoring the nation's economic health by creating jobs - real jobs. Nearly a million construction workers are on the bench; the construction industry is suffering the highest unemployment rate (9.9 percent) of any industrial sector; and construction firms are operating on the margin or worse. Three stark, compelling reasons for decisive action: to invest in America, rebuild our economy, and put Americans back to work.

From the Works Progress Administration of the Great Depression, to the Accelerated Public Works Act of 1962 and the Local Public Works Capital Development and Investment Act of 1976, investment in public infrastructure has created and sustained jobs in difficult economic times, and it can do so again today.

In September, the House of Representatives overwhelmingly passed H.R. 7110, the "Job Creation and Unemployment Relief Act of 2008". The bill provided $61 billion to help restore the economy, including $30 billion for highway, bridge, public transit, Amtrak, airport, wastewater, and Corps of Engineers infrastructure investment within the jurisdiction of the Committee on Transportation and Infrastructure. These funds were to be distributed by existing statutory formulas or administrative competitive selection processes; the bill included no earmarks. Regrettably, the White House threatened to veto the bill and Senate Republicans killed it prior to the September adjournment. Had the White House not opposed that bill, construction workers would have been looking forward to jobs in December.

The need for REAL jobs has grown more acute. This Congress will not lament from the sidelines; the House and Senate will consider a new economic recovery and job creation initiative two weeks after the November 4 election. We in this Committee know that infrastructure investment creates family-wage construction jobs, and spin-off benefits that ripple throughout the economy.

These construction jobs will not be outsourced to another country; the work will be done in the United States because roads, bridges, transit and rail systems, airports, waterways, and wastewater treatment facilities are here, in our towns and cities. In addition to the on-site construction jobs, other construction and manufacturing jobs will be created at home producing the steel, aggregates, asphalt, cement, and construction equipment used in these projects.

Funding for transit agencies and Amtrak to buy rolling stock will generate U.S. jobs as well. Example: Virginia Railway Express ("VRE") says that if more funding were available, it could immediately exercise options under a contract with MotivePower, Inc. to buy 15 commuter rail locomotives, which will help VRE meet its crushing ridership demand by running longer trains (eight- and ten-car trains). This scenario doesn't just help Northern Virginia; it also helps the economy of Boise, Idaho, where MotivePower manufactures these locomotives. The Muncie, Indiana Transit System reports that, if additional funding were available, it could exercise options under a contract with Gillig Corporation to buy four replacement hybrid electric buses, which are manufactured in Hayward, California.

Infrastructure investments will put construction workers back on their jobs, and improve our deteriorating infrastructure. At current levels of investment, this country is falling further and further behind on our physical infrastructure needs, and that has devastating impacts on our economic growth, our quality of life, and our safety.

Various economists over many years have said that it takes too long for infrastructure programs to stimulate the economy. Some projects do require years of engineering and environmental analysis, but these projects -- such as maintenance and repair of existing facilities -- can move very quickly, with work beginning within 90-120 days, or less.

In January 2008, a survey of State Departments of Transportation by the American Association of State Highway and Transportation Officials ("AASHTO") identified 3,071 ready-to-go highway and bridge projects with a total cost of $17.9 billion that could be under construction within 90-120 days.

Similarly, an October 2008 survey of public transportation agencies by the American Public Transportation Association identified 559 ready-to-go transit projects at a total cost of $8.03 billion.

And a recent survey by the Council of Infrastructure Financing Authorities and the Association of State and Interstate Water Pollution Control Administrators identified $9.12 billion in ready-to-go Clean Water State Revolving Fund projects in 25 states that cannot be funded within existing appropriation levels.

Clearly, there is a huge backlog of infrastructure projects that are ready-to-go, as soon as additional funds are made available.

For today's hearing, we have assembled a broad range of witnesses, representing all areas of the country and all types of infrastructure. We will hear from State and local officials, construction contractors and suppliers, and representatives of the Building Trades, from New Jersey to California, and from Georgia to Ohio, Indiana, and Kentucky.

We will address several issues, including:

- the state, regional, and local perspectives on infrastructure investment needs;
- the current state of the economy, particularly the construction industry;
- the effect that increased infrastructure investment would have on our economy;
- the ability of state and local governments to immediately invest these funds in ready-to-go projects; and
- the ability of construction workers and industry to meet the challenge and quickly ramp up operations.

The economic news just keeps getting more dismal each week, growing worse each day; we have to act. It is time to invest in America, rebuild our economy, and put America back to work.

STATEMENT OF REPRESENTATIVE SILVESTRE REYES (TX-16)
U.S. HOUSE OF REPRESENTATIVES
FOR THE
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
HEARING ON INVESTING IN INFRASTRUCTURE
OCTOBER 29, 2008

I would like to begin by thanking Chairman Oberstar and Ranking Member Mica for holding this very important hearing today.

Before coming to Congress, I served for 26 ½ years in the U.S. Border Patrol. Half of that time I was a Border Patrol Sector Chief, first in McAllen, then in El Paso. As the only Member of Congress with a background in border enforcement, I am sensitive to the various elements we need to consider not only to secure our nation's borders but also to protect legitimate commerce.

During my tenure with the Immigration and Naturalization Service, I spent four years at the El Paso international bridges where I helped facilitate the flow of trade into our country. Because Canada and Mexico are our first and second largest trade partners and 88 percent of that trade moves by land, I know that the condition of our land ports of entry is critical to ensuring efficient trade. However, increased wait times at these ports due to infrastructure deficiencies pose a major problem.

Our nation's international bridges have been neglected, contributing to the increase of bridge wait times sometimes up to three hours at many ports. This problem must be solved. Manufacturers have developed highly integrated production systems across our borders, and efficient borders are critical to supporting the production of billions of dollars in goods and services every year. Freight coming across the border includes critical components needed for completing the manufacturing process of goods in the United States. Some of these products require that partially assembled parts go back and forth across the border, sometimes three or four times. Therefore, delays at our ports of entry can result in increased transportation costs and interruptions in manufacturing and delivery cycles. The federal government must help repair our international bridges to enhance security while improving the flow of trade and commerce.

According to the General Services Administration (GSA), the nation's land ports of entry are faced with over $5 billion in deficiencies which could take, at the current construction allowance, close to 40 years to address. This construction backlog does not take into account increased traffic. Trade using surface transportation between the United States, Canada and Mexico was 15.9 percent higher in July 2008 than in July 2007, according to the Bureau of Transportation Statistics (BTS). Our land ports of entry saw a 9.9 percent increase in the use of trucks to transport goods across our borders during this same period. As reported by BTS, these upward trends have been evident for the last ten years.

To further illustrate the importance of our international bridges, I will provide you with a few examples. On an average day during fiscal year 2007, my district of El Paso saw over 95,500 crossings, both travelers and cargo, in what is one of the largest binational metropolitan regions in the world. A 2007 study showed that a one percent decrease in crossings would result in a lost of $76 million in retail sales and 1,500 jobs in El Paso alone. A 2005 study conducted by the San Diego Association of Governments on the economic impacts of wait times at the San Diego–Baja California border estimates that inadequate infrastructure capacity costs the U.S. and Mexican economies an estimated $6 billion in gross output and 51,325 jobs are sacrificed because of the reduction in output.

After participating in many meetings with stakeholders along the border, I drafted H.R. 5662, the Putting Our Resources Towards Security Act, or for short, the PORTS Act. The bill would authorize $5 billion in funding for GSA to allow for reconstruction and repair of the nation's land ports of entry. GSA has been working diligently to complete as many border infrastructure improvement projects as possible with their limited funds; however, GSA is prepared to begin construction on a number of additional projects within 90 to 120 days if funding becomes available.

By improving infrastructure at our international ports of entry, wait times will decrease and help improve the economy of not only communities along the border, but our nation as a whole. With the current downturn in our economy, our nation's businesses cannot afford delays at our borders. International trade and commerce are vital elements to bolstering our economy, and for this reason we must address infrastructural problems at our land ports of entry.

Thank you for allowing me to address your committee about the need for funds to improve border infrastructure. I am sure you will agree this element is essential to our nation's economic vitality.

Congresswoman Laura Richardson
Statement at Full Committee on Transportation and Infrastructure
Hearing on
"How Investing in Infrastructure Can Help Restore the U.S. Economy"
Wednesday, October 29, 2008
2167 Rayburn House Office Building-9:30 A.M.

Mr. Chairman, I am pleased to join you, Ranking Member Mica, and the rest of my colleagues today as we examine the impact that transportation/employment stimulus from the federal government THAT could provide to our economy and job market. There is no more important issue facing the Congress and I thank the Chairman for holding this TIMELY hearing today.

As you know, Mr. Chairman, this is not the first time the House has traveled down this road. As

As you know, Mr. Chairman, this is not the first time the House has traveled down this road. As far back as the FDR Administration, the 54th Congress created the Works Progress Administration to create construction jobs and stimulate the economy in the aftermath of the Great Depression. Just last month, we passed a job creation package to boost the economy. A major component was the inclusion of $12.8 Billion in infrastructure spending; funding that would have created about 450,000 jobs. The Senate and the Administration did not support its passage and the effort for hardworking Americans failed. Now it is time to get a second bite at the apple.

To combat this trend, the Congress has a responsibility to act and act now. We know that every $1 billion spent on transportation and infrastructure creates 35,000 jobs. There are thousands of highway projects right now that could be undertaken with an infusion of federal funding. The Southern California Association of Governments ("SCAG"), which is mandated by the federal government to research and draw up plans to address the region's transportation needs, has transportation initiatives in aviation, goods movement, and corridor planning amongst other areas of transportation planning. SCAG has identified 58 state highway projects, and over 200 transit projects listed for LA County alone. These projects are proposed over a six year period, and can provide a steady source of employment for the region.

I can tell you unequivocally that without significant public funding, the bridges and roads critical to our competitiveness will surely decay and the impact on the United States economy will be devastating in the years to come.

Finally, Mr. Chairman, it is no secret that unemployment is rising nationwide and has eclipsed 6%. In my home state of California, that number rises to 7% and in parts of my District, an astounding 14.1%!

A new, bold economic recovery plan is critical. The best investment is to get America working again. Let's rebuild America now.

Thank you, Mr. Chairman.

Statement for the Record
Congresswoman Betty Sutton
Transportation and Infrastructure Committee

Hearing on Investing in Infrastructure: The Road to Recovery
October 29, 2008

Thank you Chairman Oberstar for holding today's important hearing as we look to make a critical investment in our infrastructure.

Eight months ago, we joined together and passed a bipartisan economic stimulus package. That package provided tax relief for working families and incentives to help our businesses and communities grow, but that stimulus was only a short-term package. I supported that plan and called for a long-term stimulus to address the larger economic challenges facing our nation.

Thanks to your leadership, Chairman Oberstar, and the work of your Committee, we will develop this long-term plan with immediate results for our economy by rebuilding our infrastructure and helping to create jobs. In September, we voted on a stimulus package that provided $12.8 billion to start rebuilding our highway infrastructure and to reduce traffic congestion.

Recently, several issues have developed in my District and in Northeast Ohio which has only increased the urgent need for substantial investment in our roads, bridges, and clean water infrastructure. In the City of Lorain, the Charles Berry Memorial Bascule Bridge, is currently closed for maintenance and repairs. The reopening has been delayed as additional components were discovered to be deficient during the maintenance process. In addition, four lanes on the Inner Belt Bridge, which leads vehicle traffic into and out of Cleveland, has been closed indefinitely after stress tests confirmed that two of the steel connectors had deteriorated and can no longer support a fully loaded span.

As these recent issues in Ohio demonstrate, our infrastructure is crumbling and in grave need of repair. This investment will provide for these repairs and will allow my District to invest in infrastructure for economic development. Last year, a deal was reached that will keep Goodyear in Akron. Improvements to area bridges and roadways will compliment a new corporate headquarters. Brunswick and North Royalton, two communities in the center of my District, have plans to expand major thoroughfares to allow for major economic development initiatives.

We also need to repair, rehabilitate and expand our water systems and clean water infrastructure. The Summit Road water main in Barberton, in my Congressional District, is 75 years old and has been experiencing numerous and repeated breaks. It is essential that the investment to replace this water main and similar aging water systems happens before disaster strikes.

Chairman Oberstar, the three top issues in my District are Jobs, Jobs, and Jobs and with your leadership to invest and rebuild our infrastructure, we will help to create jobs and stimulate the economy. Investing before the problems happen saves money and in some cases, saves lives.

Thank you again for holding this hearing on pending and delayed infrastructure projects.

Sincerely,

s/
Betty Sutton
Member of Congress

WRITTEN TESTIMONY OF CONGRESSMAN TIM WALZ SUBMITTED FOR THE RECORD FOR THE HEARING OF THE HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

"INVESTING IN INFRASTRUCTURE: THE ROAD TO RECOVERY" WEDNESDAY, OCTOBER 29, 2008

Chairman Oberstar, Ranking member Mica, members of the committee, thank you. And thank you to all the witnesses who will help us understand how we can best fix our crumbling infrastructure and get America's troubled economy back on the rails and on the road to recovery.

America faces a dramatic economic crisis.

A global financial crisis has roiled the stock market and hit ordinary Americans' pocket books all across the country and in towns around my district. Hard-working families from Pipestone to Winona have seen their personal savings and retirement accounts plummet in value in the past several weeks. My constituents are worried about financing their children's college education, paying for higher grocery bills, and getting the heating bill paid in full this winter.

We have lost over 700,000 jobs in America since January. In Minnesota alone, the unemployment rate jumped to 5.9 percent in August of this year, significantly up from last year. And there is every reason to think things are going to remain tough for some time especially if we fail to act responsibly.

This all makes the urgency of action to lessen the blow on ordinary people, get our economy moving again, and give more opportunity to American workers all the more clear.

It's time to put people back to work rebuilding America. Every $1 billion of construction spending will create somewhere between 14,000 and 47,000 jobs. How much are we spending every month in Iraq while our needs here at home mount?

A recovery package that creates jobs is an essential part of our response to the economic crisis. And fixing our bridges and rebuilding our roads should be one significant component of that economic recovery package.

This is an emergency and we must act accordingly.

I know firsthand that southern Minnesota is facing tough economic times, and that real infrastructure investment in the many worthwhile projects there will be one part of our solution. And I know that that is true for the whole country.

Investing in infrastructure projects will provide an immediate short term boost to our economy by putting people to work repairing bridges and fixing roads, leaving behind lasting gains in both the safety and quality of our nation's infrastructure for years to come. We can fix this country and put Americans back to work at the same time.

Funding projects that are ready to go will jump start the economy now.

In addressing our infrastructure investment, it is very important to find the right mix of speed and flexibility, and I know that our visionary Chairman is committed to that. As with the bailout plan we considered at the beginning of this extraordinary month, we must move quickly. But one of the lessons of the bailout debate is that it remains more important to get it right than simply to get it done in a rush.

Congress can do its part by passing legislation quickly, which will help ensure that infrastructure investment gets made quickly. Indeed, by holding this hearing today, I hope that we can send a signal to states so that they can be as prepared as possible to take advantage of the help the federal government may offer.

I also think that we need to look at ways to smooth the way for states to act as quickly as they can. Sometimes the paperwork itself involved in the infrastructure investment process can significantly slow projects down, and I think we need to think about how to cut through the red tape. Likewise, we might look at how states might work with their State Transportation Improvement Programs (STIPs) in the most simple, streamlined way. I very much appreciate that one of the purposes of the hearing today is to find ways to simplify the process involved so that states may get federal funding and begin using it as quickly as they can.

We definitely want to make sure the states can most effectively make use of the federal government's investment, and I think that means we need to recognize the real concerns that states have concerning matching requirements. States may need to meet us part way on that. But we need to at least consider whether it is most effective to temporarily suspend or lessen the matching requirement on federal funds.

In providing the states with the flexibility they need to address our economic downturn effectively, there are a couple of things we can do. First of all, this should be a multi-modal approach to transportation. We do not want to tie the hands of states too much in terms of what projects can be funded. I also think it is important not to be overly restrictive in looking at ready to go projects - not least because, facing an uncertain but certainly deep and likely lasting economic downturn, investment in infrastructure can serve as a kind of insurance policy to ensure we are addressing our economic problems in a sensible, lasting way. I think it is worth considering whether we want to restrict funding to projects that are moving dirt within 90 days, or rather perhaps those that can go to advertising or to letting within 90 days, for instance.

The very helpful discussions I have had recently with Minnesota officials about the infrastructure component of a possible recovery package give me confidence that the federal government and the states can work together to serve the public interest and get our economy on a firm footing in the short term and for the longer term. We can put people back to work quickly, not just in construction but also in "upstream" industries. We can get our economy going again and provide an improved environment for sustainable, solid economic growth for our local businesses. Thank you.

Statement of Congressman Don Young

House Transportation and Infrastructure Committee

Hearing on "Investing In Infrastructure: The Road to Recovery"

October 29, 2008

Mr. Chairman, Members of the Committee:

First, let me compliment the Chairman and Ranking Member for holding this hearing. This is clearly an issue on which immediate action is **needed**. As a former Chairman of this committee, I am happy to work with the Committee leadership and members to move the critical elements of our committee's contribution to a stimulus package. Our goal must be to provide **immediate** infrastructure funding so that projects in the pipeline can be funded and work can begin on our nation's critical infrastructure. That is what this committee does.

No stimulus package involving the building of transportation infrastructure would be complete without including the Department of Transportation's TIFIA program. The Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) 23 USC Chapter 6 established a very successful Federal credit program for eligible transportation projects of national or regional significance under which the U.S. Department of Transportation (DOT) may provide three forms of credit assistance – secured (direct) loans-23 USC 603, loan guarantees-23 USC 603(e), and standby lines of credit-23 USC 604.

The program leverages Federal funds by attracting substantial private and other non-Federal co-investment for improvements to the nation's surface transportation system. Historically, TIFIA has provided $4.8 billion in loans and that has leveraged $18.6 billion of transportation projects, an average of about 4 times the TIFIA credit provided. The $4.8 billion of TIFIA loans consumed $346 million of budget obligation authority. In other words, for each dollar of budget obligation authority we leverage about 14 times that in loan value.

Using historical multipliers, $1 billion of additional TIFIA budget obligation authority could provide upwards of $50 billion of transportation projects. The Stimulus package should provide for a supplemental appropriation to effect a $1 billion infusion into the TIFIA program.

Since TIFIA provides credit for up to one-third of eligible project cost (25% has been the national average), every dollar of budget obligation authority provided to the TIFIA program can help support nearly $50 or more of transportation infrastructure. Even better, that $1 of federal budget is issued in the form of a loan to be repaid to the American taxpayer. This program is indeed a bargain for the federal government and a critical component to improving our nation's infrastructure.

Further, as my esteemed colleague and our ranking member Rep. John Mica has pointed out, "Experts have suggested that as many as 35,000 jobs are created or sustained for every $1 billion we commit to improving our deteriorating infrastructure." TIFIA loans help stimulate these jobs in a dramatic way.

The TIFIA program is projected to exhaust its current budget obligation authority very soon, and it would normally be "recharged" in the next transportation bill. Right now, there is only $215 million in budget authority left for TIFIA through 2009 and that is fully subscribed. Currently, there are in excess of $4 billion of projects that are either under TIFIA application or have an "expression of interest" letter filed and there are billions of dollars more waiting in the wings—none of these projects can be helped by TIFIA without supplemental funding.

Given the demand for TIFIA financing for transportation infrastructure projects across the nation, the current liquidity problems in the financial markets, and the need to provide economic stimulus in the most efficient manner, increasing TIFIA budget authority by one billion dollars in this stimulus bill would quickly stimulate upwards of fifty billion dollars of transportation infrastructure, creating as many as 1,750,000 jobs for Americans.

This stimulus generated by the TIFIA program would be brought about by loans that will be repaid to the American taxpayer. These projects will build up the nation's transportation system and solve problems of congestion – both of which will further stimulate the economy. Again, immediately providing this funding to the TIFIA program will stimulate upwards of $50 billion in transportation construction, provide up to 1,750,000 jobs, and is exactly the type of innovative and decisive action needed to create economic opportunity and jobs for Americans in this economic downturn. The TIFIA program is already in place and projects across the nation are in line for the funds, a situation poised to deliver quick stimulus relief for the nation.

There are many projects which need TIFIA to move them to the next phase and into actual construction. I am told there are billions of dollars in projects ready to go that can be aided by TIFIA. All we need to do is add increased TIFIA budget authority to the stimulus package to keep this well-executed program moving and creating immediate jobs.

Mr. Chairman, I look forward to working with the Committee to add this important element to the Committee's stimulus package.

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Testimony of

The Honorable Jerry E. Abramson

Past President, The U.S. Conference of Mayors

Mayor of Louisville, Kentucky

Before

The Committee on Transportation and Infrastructure

U.S. House of Representatives

Hearing On

"Investing in Infrastructure: The Road to Recovery"

October 29, 2009

Submitted By

The U.S. Conference of Mayors
1620 Eye Street, NW
Washington, DC 20006
usmayors.org

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A Call to Action

Main Street America is in economic trouble. America has lost nearly 800,000 jobs in the last nine months. Unemployment is now at 6.1 percent, and is projected to rise to over 7.5 percent next year. When under-employment is included, unemployment is projected to reach 9 percent. Families have lost $2 trillion (20 percent) of their savings. The Commerce Department has just reported that retail sales on Main Street America have dropped 1.2 percent in September, foreshadowing a dismal holiday shopping season - which accounts for approximately 25 percent of annual sales income for most businesses.

Our citizens ask us every single day what this economy will do to their jobs, their long-term savings, their mortgages, and their pension funds. Parents are getting laid off from their jobs, families are struggling to pay bills, the mortgage crisis and foreclosures are forcing families to double-up and move in together, grandparents are struggling with retirement, and young people unable to secure financial aid are being forced to forgo college. In addition, severe state cutbacks are resulting in a loss of needed services on Main Street.

Washington bailed out Wall Street to the tune of $700 billion. It is now time for Washington to help local governments and the private sector create jobs and economic growth by passing an immediate "Main Street Stimulus."

Over the last three months, U.S. Conference of Mayors President Manuel A. (Manny) Diaz of Miami has led a national tour with *Mayors '08 Action Forums* on 1) Crime; 2) Infrastructure; 3) Poverty; 4) Environment and Energy; and 5) Arts and Tourism. At each of these forums, mayors and national experts focused on the weakened economy, the immediate needs of working families, and ways to create jobs.

In today's world, it is Mayors who lead the metro economies that drive the nation. These metro economies now account for 86 percent of national employment, 90 percent of labor income, and 90 percent of gross domestic product (GDP). Therefore, if we are going to reverse the current economic situation and create jobs, the only way to do so is to invest in these Main Street, metro economies.

Following are 10 "Main Street Stimulus" programs that will create jobs now, improve the infrastructure that the private sector needs to succeed, help the small businesses of main street America, and have lasting economic and environmental benefits.

We have built on the House-passed $60 billion stimulus package to calculate our funding recommendations, which total $89.98 billion of the now estimated $150 billion stimulus. The methodology for our recommendations is contained on page two of this document.

Cities are ready to go, and jobs can be created now! Therefore, federal agencies and the states must be required to dispense these funds immediately.

We commend the House and the Senate for their efforts to enact a second stimulus last month before the congressional recess. We stand ready to work with Congress during the upcoming emergency session to make sure that a "Main Street Stimulus" plan is signed into law this year.

Manuel A. (Manny) Diaz
Mayor of Miami, President

Tom Cochran
CEO and Executive Director

The United States Conference of Mayors
1620 Eye Street, Northwest, Washington, D.C. 20006
Telephone: (202) 293-2354
Email: tcochran@usmayors.org

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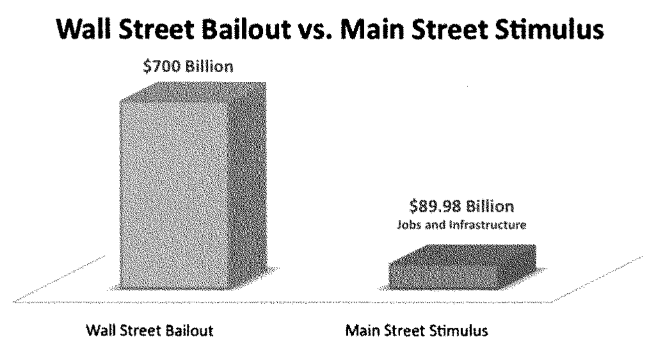
Project (Dollars in Billions)	H.R. 7110 (Passed House 9/26/08)	Mayors' MainStreet Stimulus Plan
1. Community Development Block Grant for Infrastructure[1]	$4.00	$10.00
2. Energy Block Grant for Infrastructure and Green Jobs[2]	$2.00	$5.00
3. Transit Equipment and Infrastructure	$3.60	$9.00
4. Highway Infrastructure	$12.80	$32.00
5. Airport Technology and Infrastructure	$0.60	$1.50
6. Amtrak Infrastructure	$0.50	$1.25
7. Water and Wastewater Infrastructure	$7.50	$18.75
8. School Modernization	$3.00	$7.50
9. Public Housing Modernization	$1.00	$2.50
10. Public Safety Jobs and Technology[3]	$0.99	$2.48
Main Street Stimulus Total	**$35.990**	**$89.98**
Congressional Stimulus Bill Total (Estimate)	**$60,000.00**	**$150,000.00**

Methodology: *Figures are based upon the original Stimulus Bill proposal (H.R. 7110) that passed the house on September 26, 2008 which totaled $60 billion. Since then, the Speaker's Office, along with the Senate Majority Leader's Office have indicated through media reports that the Stimulus Bill that will be brought to the floor after the November 4th elections will total $150 billion, thus, the figures were adjusted proportionally (2.5x) in our plan. Other figures, referenced below, were also used.*

[1] United States Conference of Mayors Survey. 1993. "Ready to Go".
[2] As authorized by the Energy Independence and Security Act of 2007.
[3] Senators Reid/Byrd proposal in Senate version of Stimulus bill.



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1. Community Development Block Grants for Infrastructure ($10 Billion)

CDBG, established in 1974, is a proven and effective program in the city-federal partnership. Through the years, the federal government has adjusted the CDBG delivery system to allow additional flexibility to address national emergencies, and this should be done now to confront the current economic crisis. CDBG assisted New York City following the 9/11 terrorist attack and provided resources to the Gulf States and communities after several hurricane disasters. CDBG is currently being used to address the foreclosure crisis with the $3.9 billion Neighborhood Stabilization Program (NSP) to communities faced with vacant and abandoned properties.

Today, CDBG can be used to **create jobs through: the construction of public facilities and improvements, water and sewer facilities, streets, and neighborhood centers; the conversion of school buildings for eligible purposes; activities relating to energy conservation and renewable energy resources; and assistance to profit-motivated businesses to carry out economic development and job creation/retention activities.**

FACT: 21,140 small businesses received CDBG funding in Fiscal Year 2007. Sixty-two percent of the business assistance was for existing businesses, and 75 percent of all business assistance resulted in the creation or retention of jobs. ...HUD Performance Report, 2008

2. Energy Block Grant for Infrastructure and Green Jobs ($5 Billion)

It is time to move America toward a greener economy and tap the potential to create millions of green jobs for Main Street businesses and free the U.S. economy from its dependence on foreign oil. Commitments made now will stimulate the development of green jobs for Main Street small businesses. This would help small business weather the current economic downturn and position them for even more significant economic growth. Potential green jobs -- 4.2 million nationwide by 2038 -- and other important benefits for the nation's economy were described in a recent study, *Current and Potential Green Jobs in the U.S. Economy*, prepared by Global Insight for The U.S. Conference of Mayors.

We have 900 mayors who have signed the United States Conference of Mayors Climate Protection Agreement, and they are ready to go. **Five billion dollars in funding for the Energy Efficiency and Conservation Block Grant (EECBG) program will give cities, counties and states the resources to create thousands of energy efficiency and renewable energy production projects throughout the U.S. Such main street-stimulating projects would include the installation of solar panels or wind turbines for the production of electricity on local buildings, deployment of new energy distribution technologies that significantly increase energy efficiency, such as distributed generation or district heating and cooling systems, development of systems to capture and generate power from methane at landfills and energy retrofits of public and private buildings within local areas.**

FACT: A $100 billion federal investment over two years is estimated to create two million green-collar jobs. ...Center for American Progress, August 2008. Since many of the activities in this report would be supported by Energy Efficiency and Conservation Block Grant (EECBG) resources, the Conference of Mayors estimates that a starting EECBG investment of $5 billion would result in the creation of more than 100,000 jobs.

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3. Transit Equipment and Infrastructure ($9 Billion)

Transit agencies (rail and bus) are being forced to raise fares, cut service, and borrow to address capital and operating needs, while experiencing a dramatic surge in Main Street ridership due to higher gas prices. Congress should fund the **purchase of buses, street cars, rail cars and other rolling stock and equipment needed to create additional capacity; help stabilize fare increases, improve reliability; and restore and maintain facilities and infrastructure** in a state of good repair. This could include improvements to expand station capacity, rail track improvements, and customer information screens, while at the same time creating much-needed high-paying jobs and economic activity on Main Street.

FACT: There has been a surge in the use of buses and other transit systems due to pain at the pump. In 2007, 10.3 billion trips were taken on public transportation - the highest number taken in 50 years. Ridership has continued to climb in 2008. According to a recent survey of the nation's transit providers, 85 percent of transit systems are reporting capacity constraints, with nearly four out of ten transit agencies now turning passengers away from affordable public transportation. ...American Public Transportation Association, 2008

FACT: The Federal Highway Administration estimates that every $1 billion spent on transportation infrastructure creates 47,000 jobs (or more) and up to $6 billion in additional gross domestic product. With the housing market in decline, construction employment fell by more than 360,000 jobs since March 2007, leaving a ready labor force to begin new projects. ...Economic Policy Institute, 2008

4. Highway Infrastructure ($32 Billion)

To create Main Street jobs, support the metro economic engines, and ensure that traffic congested areas actually receive funding and critical deferred maintenance is addressed, additional highway stimulus funds must not be distributed based on the current state-based status-quo system.

Therefore, the Surface Transportation Program (STP) - which was created by Congress in 1991 - must be the mechanism for distributing highway stimulus funding. This will provide maximum flexibility to cities, counties, and states in advancing bridge, bus and rail, and road projects in our nation's metropolitan areas. This ensures that funds are allocated more evenly within each state so that mayors and other local leaders, who own and operate most of the transportation assets and facilities, are at the table to make decisions on "ready to go" projects. At the same time, this would create thousands of high-paying jobs, aid small businesses, and fuel economic activity on America's main streets.

Using this program structure means that, in addition to the guaranteed share of STP funds reserved for the states, local officials and local areas within the states would receive a balance of the funds based on population, as federal law has provided since 1991. Importantly, every eligibility under current law is subsumed under the STP program, so that state and local decision-makers have the maximum flexibility to select any project, whether it is a project to repair a bridge on the Interstate System or a less costly bridge repair project in a city, town or county.

FACT: The nation's urban areas generate 60 percent of the value of U.S. goods and services. The efficient movement of citizens and goods within these areas is critical to their productivity, and by extension, to the economic productivity of the nation itself. ...National Surface Transportation Policy and Revenue Study Commission, 2007

FACT: Nearly 70 percent of the nation's urban and suburban roads ... are in less than good condition, according to the Federal Highway Administration. While the nation is making progress on fixing the Interstate (freeways and expressways), spending to repair older roads and bridges and reinvest in other community transportation facilities is far short of need. ...Surface Transportation Policy Partnership, 2006

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5. Airport Technology and Infrastructure ($1.5 Billion)

The nation's airport infrastructure urgently needs increased funding to begin to address the investment gap in airport capacity, safety, and technology. To create high-paying jobs, assist small businesses and airport retailers, and stimulate economic activity on Main Street, Congress should fund **ready-to-go Airport Improvement Program (AIP) projects. These include runway and taxi rehabilitations, extensions, and widening; obstruction removal; apron construction, expansion and rehabilitation; rescue and firefighting equipment and facilities; airside service or public access roads; and noise mitigation and abatement (Part 150) associated with aircraft operations - including voluntary home buyout, which would fuel the local housing market, and residential and business insulation programs.**

FACT: Total estimates of airports' capital development costs for 2007 through 2011, adjusted for inflation, is $87.4 billion or $17.5 billion annualized. This is a 22 percent increase from the 2005 estimates. ...Airports Council International-North America, 2007

FACT: The total cost of domestic air traffic delays to the U.S. economy was as much as $41 billion for 2007. ...U.S. Congress Joint Economic Committee, 2008

6. Amtrak Infrastructure ($1.25 Billion)

Amtrak is experiencing record ridership across the railroad's entire system for intercity passenger rail service. Amtrak connects rural, suburban, and urban communities in all regions of the nation. With unpredictable and expected higher fuel prices, highway congestion, and an uncertain aviation outlook, Congress should increase federal funding to **make necessary upgrades to tracks, bridges and tunnels, electric traction, interlockings, signals and communications, and stations on the nation's Amtrak system.** In addition, Amtrak will be able to refurbish rail cars that are currently in storage and return them to service. This funding level would help stimulate local economies by creating thousands of high-paying jobs and small business activity.

FACT: Amtrak ridership in Fiscal Year 2008 increased to more than 28 million, marking the sixth straight year of gains and setting a record for the most passengers using Amtrak trains since the National Railroad Passenger Corporation started operations in 1971. ...Amtrak, 2008

FACT: $4.2 billion is needed just to bring Amtrak engineering infrastructure system to a state-of-good-repair, excluding some major bridge and tunnel work. With the backlog of major bridge and tunnel work, the backlog approaches an estimated $6 billion. ...Amtrak, 2005

7. Water and Wastewater Infrastructure ($18.75 Billion)

Water and wastewater infrastructure is an integral component of the nation's economic competitiveness, protects public health, and creates jobs.

In 2006 alone, local government spent $85 billion on water infrastructure. During the same time the Federal government provided only $1.9 billion through state loans. Through user rates, local bonds, and taxes, local governments contribute 98 percent of the total investment in wastewater and 95 percent of the investment in water infrastructure. Despite the tremendous investment made by local government, the Environmental Protection Agency estimates that there still is a $500 billion "needs gap" to meet our water and wastewater infrastructure needs and to comply with current unfunded mandates.

Due to leaking pipes, cities can lose anywhere from five to 40 percent of their water and wastewater. Thirty-five percent of cities in a Conference of Mayors survey do not know where their source of water will come from by 2025. Therefore, Congress should allocate an additional $18.75 billion directly to cities as **grants to assist with rehabilitating aging water and sewer infrastructure, complying with sewer overflow issues, and promoting source water protection and availability.** This additional investment will result in immediate job creation in cities and across the nation, as many local Main Street infrastructure projects are ready to go.

FACT: For every dollar of water and sewer infrastructure investment, Gross Domestic Product increases by $6.35 in the long-term. For each additional dollar spent on operating and maintaining the water and sewer industry, revenue or economic output for all industries is increased by $2.62 in that year. In addition, every new water and sewer job creates 3.68 jobs in the national economy. ...The Cadmus Group, for The U.S. Conference of Mayors, 2008

8. School Modernization ($7.5 Billion)

America's schools are in dire need of modernization and repair. Every day, many of our children attend school in overcrowded classrooms with faulty electrical systems, broken windows, peeling paint and leaking roofs. Existing schools are bursting at the seams and hold class in "temporary" trailers, converted closets and hallways. New facilities are desperately needed to accommodate this ever-growing student population. In addition, too many students attend schools that lack the basic electrical and telecommunications equipment necessary for connection to the Internet or to implement new education technologies.

The Conference supports a $7.5 billion federal investment to **repair and modernize school buildings in both large and small city school districts, improve their energy efficiency and equip them with first-class technology.** This investment would create jobs in the construction industry, one of the industries hardest hit by the recent economic downturn -- having lost 528,000 jobs since September 2006. In addition, by helping local school districts create schools that are energy efficient and more reliant on renewable sources of energy, this investment could greatly reduce the emissions that contribute to global warming.

FACT: The total funding need for public school modernization is $321.9 billion. Of that total, $268.2 billion of the need is for school infrastructure, and $53.7 billion of the need is for education technology. ... National Education Association (NEA): *Modernizing Our Schools: What Will It Cost, 2000*

9. Public Housing Modernization ($2.5 Billion)

Funding can be used for **repair and construction projects, including safety repairs.** Every dollar of Capital Fund expenditures produces $2.12 in economic return. Many of the vendors used to make repairs and undertake construction projects are small businesses.

> FACT: The public housing capital fund has a backlog of capital improvement needs estimated at $20 billion.
> ...Center on Budget and Policy Priorities, 2002

10. Public Safety Jobs and Technology ($2.48 Billion)

Unless you have a safe Main Street, you don't have a Main Street. Recent surveys conducted by mayors and police chiefs have found that there is a link between current economic conditions and increasing crime rates, particularly those for burglaries and thefts.

Additional COPS Funding – Providing $1.25 billion to local police departments to hire additional personnel would accomplish several purposes: It would put over **16,000 additional police officers on the streets,** thus beginning the process of getting local police departments to the staffing levels they require; it would improve public safety in the cities which receive funding for officers, and through that improved public safety contribute to further economic development and, possibly, further job creation. Mayors and police chiefs have recommended that COPS funding be made more flexible so that police departments are able to use that funding both for sworn officers and for those professionally trained in DNA analysis and forensics. Current law limits COPS hiring grants to sworn officers and provides a maximum of $75,000 in federal funding over three years per officer.

Additional Byrne Justice Assistance Grant Funding – Providing an additional $1.23 billion to the Byrne program could help to **keep thousands of police officers in their jobs,** and could make current and newly hired police officers more effective by assuring that they have needed equipment and new technologies.

> FACT: An additional 92,316 officers are needed in local police, sheriffs' and special jurisdiction departments now. And, 42 percent of cities are seeing increased crime as a result of the current economy. ...U.S. Conference of Mayors: *Economic Downturn and Federal Inaction Impact on Crime Survey*, August 2008

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Other Emergency Measures for Main Street America

Mayors strongly support **additional emergency measures** to help individuals and business – especially small businesses:

Job Training: The stimulus package should include job training funding for dislocated worker and youth employment activities.

Small Business Administration Loans: America's small businesses face an ever-tightening credit market in the wake of struggling financial markets. The stimulus package should provide additional reduced-fee loans to small businesses, delivering needed relief to small businesses on Main Street during Wall Street's financial crisis.

Extension of Unemployment Benefits: The stimulus package should extend unemployment benefits by seven weeks in all states and another 13 weeks in high unemployment states.

Food Assistance: In order to help low-income families cope with rising food prices, the stimulus package should include increases in Food Stamp benefits, the Women, Infants, and Children (WIC) program, Food Banks, the Commodity Supplemental Food program, and the senior meals program.

Medicaid (FMAP): Twenty-nine states are facing a $52 billion shortfall in revenues in their FY 2009 budgets. As a result, low-income families and children could face cuts or eliminations in health care coverage and services. Therefore, the stimulus package should increase the Federal Medical Assistance Percentage (FMAP) for Medicaid health costs.

In addition to the stimulus measures above, Congress must address the **credit crisis** facing local and state governments:

Local Government Credit Assistance: Congress should direct the Federal Reserve and the Treasury Department to work together under the **$700 billion Emergency Economic Stabilization Act to design a facility to provide a funding backstop to the state and municipal government debt market** similar to the recently announced program for the commercial paper market. Because of the national credit crisis, cities across the country are having difficultly selling bonds and accessing short-term credit. This new facility should be designed to protect taxpayer resources while ensuring state and local governments can continue to provide vital services to their residents.

Testimony of

Doug Black
CEO, Oldcastle Materials Inc.

Hearing on
Investing in Infrastructure: The Road to Recovery

Submitted to
Committee on Transportation and Infrastructure
United States House of Representatives

October 29, 2008

Doug Black
CEO, Oldcastle Materials
1055 Thomas Jefferson Street
Suite 400
Washington, DC 20007
202-625-2122

Testimony of Doug Black
CEO, Oldcastle Materials Inc.

Hearing on
Investing in Infrastructure: The Road to Recovery

House Committee on Transportation and Infrastructure
October 29, 2008

Chairman Oberstar, Ranking Member Mica and Members of the Committee:

Thank you for holding this important hearing to address how investing in our nation's infrastructure is a fundamental key to economic stability and prosperity. I applaud your support for including significant infrastructure spending in any economic stimulus package the Congress considers.

I am Doug Black, CEO of Oldcastle Materials Inc. Oldcastle Materials is the leading vertically integrated supplier of asphalt, aggregates, ready-mix concrete and paving services in the United States. We are the largest asphalt producer, the third largest aggregates producer and the fifth largest ready-mix concrete producer in the country. Our federation of companies currently employ on average 20,000 people at more than 1300 locations in the United States.

Oldcastle Materials' companies operate in 44 states, using their local names: from APAC Central Florida to Southern Minnesota Construction in Mankato, Minnesota. From Pike Industries in southern Maine, to Central Pre-Mix in eastern Washington State, to the United Companies on the western slope of Colorado, we supply construction materials and pave roads to maintain and improve the quality of our nation's surface transportation system.

We are significant and active members in a number of our industry trade associations including the Associated General Contractors, the American Road and Transportation Builders Association, the National Asphalt Pavement Association, the National Stone Sand and Gravel Association and the National Ready Mixed Concrete Association. We are members of the U.S. Chamber of Commerce and the National Association of Manufacturers. Oldcastle Materials and our associations stand ready to assist the Committee in its effort to increase investment in our country's surface transportation infrastructure.

Since our primary business is providing road and highway construction materials and paving services, I will comment specifically on infrastructure spending and investment in our nation's surface transportation system, particularly our highways.

The Transportation Construction Industry

There are more than 2.6 million miles of paved roads in the United States today, 94% of them surfaced with asphalt. Almost 500 million tons of asphalt pavement are produced annually valued at $35 billion. Asphalt pavement is 94% aggregates (crushed stone, gravel and sand) and concrete is 80% aggregates. Aggregates sales in the U.S. are valued at approximately $20 billion annually. When combined with other related industries, such as cement, concrete, and construction equipment and supplies, the transportation construction industry generates more than $200 billion in economic activity every year in the United States and directly employs more than 2 million Americans. As has been widely reported, every $1 billion spent on transportation infrastructure investment supports approximately 35,000 jobs.

Our Surface Transportation System

The National Surface Transportation Policy and Revenue Study Commission, in its report released in January 2008, stated that "A modern, smooth-functioning national surface transportation system is essential for economic success in the global economy and is also a key determinant of the quality of life enjoyed by citizens throughout America." I couldn't agree more. Americans rely overwhelmingly on the nation's roadways for mobility and the movement of goods and services. Almost 90% of the $8.4 trillion worth of commodities moved annually within the U.S. is transported in whole or in part over the nation's highways.

Despite its importance to our nation, our surface transportation infrastructure is in crisis today. Conditions on America's roadways are deteriorating and have been for many years. The system itself is aging and large portions are in poor condition. In fact, the American Society of Civil Engineers (ASCE), in 2005, gave a "Poor" rating to key transportation-related sectors including bridges, roads and railways, and The Road Information Program (TRIP) recently estimated that 35% of America's major roads are in poor or mediocre condition and 36% of major urban highways are congested.

Traffic congestion and gridlock, which imposes a $78 billion hidden tax on the American economy, are made worse by poor road conditions, inadequate new capacity, and unsatisfactory planning for future needs. More than 4 billion hours are wasted annually due to travel delay and almost 3 billion gallons of fuel are consumed as a result of these delays. Since 1982, car and truck traffic in this country has almost doubled while new highway capacity has grown less than 7%. On top of this under-investment in capacity, we have similarly dramatically under-invested in the maintenance of the existing surface transportation system.
As our system continues to deteriorate, our new global competitors, China, India and the European Union, are all making major investments in their highway and surface transportation networks. The EU is planning to construct almost three

times the number of "interstate" lane miles than the United States before 2020 and while the United States is spending about 1% of its GDP on infrastructure, India is spending 3.5%, the EU 5% and China is investing an astounding 9% of its GDP on infrastructure. Chairman Oberstar and other Members of the Committee have seen first-hand China's commitment to infrastructure investment and that country's dramatic effort to ensure its place in the global economy. It is clear that countries that can move their goods cost-effectively will enjoy a decisive competitive advantage over the United States. This can't continue.

On top of the economic consequences of poor roads, safety for highway users must be a top priority when determining how much to invest in our infrastructure. Travel on our nation's roads is far too dangerous. In 2006, more than 42,000 people lost their lives on American highways and almost 2.6 million were injured. Poor road conditions are a factor in one third of these fatalities. Deteriorating pavement conditions, inadequate driving and turn lanes, and a lack of shoulders, all contribute to these accidents. We must address maintenance and the condition of our nation's roads immediately and ensure an appropriate and growing stream of funds to maintain our current system of roads and highways.

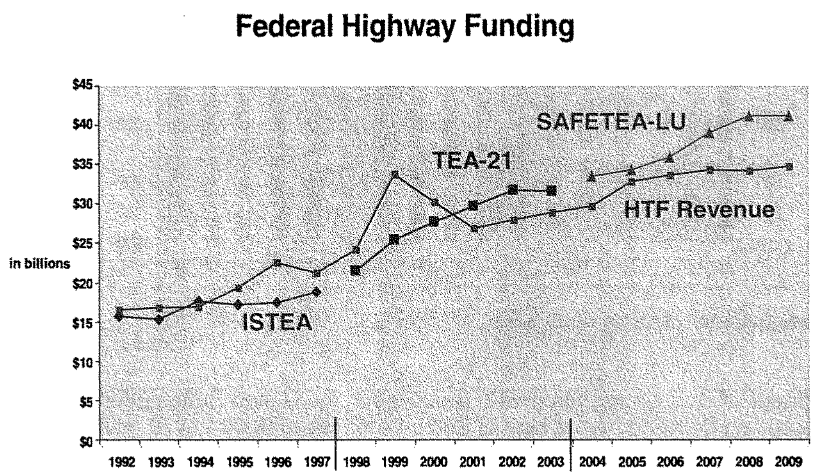
Near-Term Challenges

One of the biggest challenges our company and industry are facing near-term, is uncertainty related to the availability of funding for road and highway projects. The recently resolved Highway Trust Fund (HTF) shortfall issue has caused a significant level of uncertainty among our state DOT and local government customers. Many chose to suspend, postpone or altogether cancel expected construction and maintenance projects leading to corresponding job losses.

One of our companies in Pennsylvania was recently awarded a $1.2 million highway resurfacing contract following a competitive bid. The Pennsylvania Department of Transportation cancelled this project stating, "The termination of this contract is based on future funding projections indicating that sufficient funds will not be available to complete the contract." The Commonwealth of Virginia recently suggested it will consider postponing $1.1 billion worth of transportation projects as it addresses a lack of funding. Jobs and projects like these are perfect for a short-term fiscal stimulus since they are ready-to-go and work could begin as soon as funding becomes available.

We are certainly very pleased that the HTF fix (P.L. 110-318) was enacted. The temporary shoring up the HTF for FY2009 was critical, and I want to especially thank the Committee for its leadership in ensuring that the HTF fix became law. Unfortunately, if vehicle miles driven continue to fall, we will face even more dramatic challenges next year. The need to authorize a sufficiently funded replacement for SAFETEA LU should be the number one priority next year.

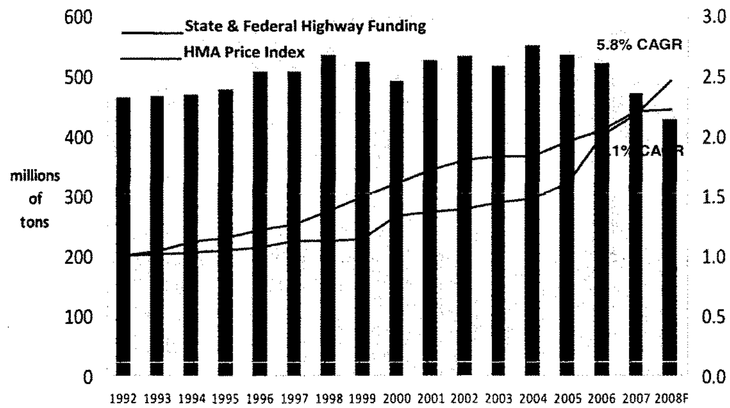
In recent years more money has flowed out of the HTF than has been coming into the HTF. The following chart illustrates the overall federal funding situation which led to the HTF shortfall issue. The funding pattern illustrated below cannot continue in the next highway authorization legislation.



Source: ARTBA

In addition to the federal funding pattern set out above, increasing highway construction and materials costs are exacerbating this already challenging funding environment. These increased costs are leading directly to a slow-down of work and a significant decrease in Oldcastle Materials' backlog of work. Road and highway funding has not kept up with rising costs and, as a consequence, a road dollar that recently paved one mile of road will only pave ¾ of a mile today. This can be illustrated if we look at recent trends in the hot mix asphalt market compared to road and highway funding. The following chart illuminates the problem.

Tons of Hot Mix Asphalt Produced in USA with Indexed Price & Funding



Source: NAPA and ARTBA (2008 HMA tons estimated)

The tonnage of hot mix asphalt (HMA) produced in the United States (the blue bar graph) has declined from a high of 550 million tons in 2004 to 470 million tons last year. This decline has continued in 2008 and will likely continue in 2009 under current state and federal funding programs. Recall that about 94% of all paved roads in the U.S. are paved with asphalt and you can see a precipitous and dangerous decline in pavement conditions, new pavements laid, and the general maintenance of our roads and highways.

This decline is not hard to explain. State and federal funding levels (red line graph) have grown evenly over the past 25 years at about 5% per year. Revenue to support this funding, as previously noted, has been flat or declining over the past several years due to fixed user fees and fewer vehicle miles travelled. At the same time, the HMA price index has risen significantly in the past three years. Road construction costs overall (including asphalt, steel, cement, fuel, etc.) have increased much faster than inflation due primarily to rising energy costs. As a result, the amount of paving being achieved to maintain our roads has been in constant decline since 2004, leading to further deterioration of road conditions and safety.

Oldcastle Materials' Challenges

As one of the largest highway construction and materials companies in the United States, our recent experience is representative of the problems facing our industry. During 2007, in our core business, we employed an average of 22,500 people. This year, our average employment is down 10%, to about 20,000. We have seen an increase of over $500 million (40%) in our liquid asphalt, fuel and other energy related costs. To prevent significant erosion in our profit margins, we have been forced to increase prices, resulting in our state and local customers doing less against relatively fixed budgets. As our customers complete fewer and fewer paving jobs, our volumes drop and we must reduce our workforce, sell equipment, cancel or defer investment in new plant and equipment, and close production facilities. Critical road maintenance is put off to the next year, employees lose their jobs, and we cut back our spending in the local economy.

In 2007 Oldcastle Materials' asphalt volumes declined 13%, aggregates volume dropped 7% and ready-mix concrete fell 13%. We've experienced further declines in 2008 and, under current funding programs, expect continued decline for 2009. Approximately 50% of our asphalt production is used by our own Oldcastle paving crews; the rest is sold to local small to mid-sized paving businesses. We have seen the same rates of decline from the local paving customers. Thousands of employees across our industry continue to lose jobs in the current environment.

Our business is very seasonal, particularly in a number of colder climate states where the construction season is relatively short. We routinely increase employment and operations leading up to and through the construction season in the spring, summer and fall, and then reduce employment and operations as colder weather approaches. This year, we simply did not bring back as many paving crews, quarry and plant operators, drivers, mechanics, dispatchers, sales people and administrative personnel as we normally do. Our employment declines reflect this. As mentioned, without a boost in funding, we will bring back even less employees next year.

The bottom line is that our industry is shrinking at a time when our nation's infrastructure needs are growing. Jobs in the United States today are issue number one. I can't think of a better, more robust way to add jobs, good paying American jobs, than to invest in infrastructure. I ask the Congress to pass a short-term stimulus bill that will allow us to keep our workforce, add jobs and help preserve our nation's highway system.

<u>Infrastructure Investment as Economic Stimulus</u>

The Committee and the Congress may soon consider an additional Economic Stimulus package. I urge you to include the largest possible infrastructure investment component, particularly investment in highway funding distributed to the states. The most effective infusion of investment would be 100% federal funds without requiring a state match. Many states where we operate have significant budget issues that could make it difficult to match federal funds. I believe there are a significant number of ready-to-go projects that are only awaiting funding.

Some have suggested that infrastructure investment cannot be a short-term stimulus to the economy since projects take too long to get started and to complete. I respectfully disagree with that assessment in the strongest possible terms. Quite simply, all infrastructure projects are not the same. Certainly, as important as they are, building new highways, bridges, light rail lines, runways, and sewer systems can take years to complete. On the other hand, most highway maintenance and repair projects can be advertised, bid, let and completed in a short period of time. This is particularly true of projects already existing that state and local governments have ready-to-go if funding were available.

Earlier this year, in response to this Committee's request, the American Association of State Highway and Transportation Officials (AASHTO) did a survey of its members (all 50 states) and determined that there were almost $19 billion in ready-to-go projects, a significant number of which could be let within weeks of funding being available. No doubt the number of these projects has increased during the year. Projects like the one we had cancelled in Pennsylvania are ready to go once funding is available.

Many of these maintenance projects can be bid, let and work started in short order. Let me provide you with a recent Oldcastle Materials' example. Last year our company in Utah completed a two-lane highway mill and fill resurfacing project. This was a $3.5 million job which included milling the old pavement (which is also recyclable) and repaving 4.4 miles of road with 30,000 tons of asphalt. It was completed from bid advertising to substantial completion in 75 days. Interestingly, if you compare this project, which put people to work, with the tax rebate stimulus package earlier in the year, you find that if this paving job had been advertised on March 1, 2008, we would have completed it well before those tax rebates checks hit mailboxes in June. And an almost five-mile stretch of highway in Utah now has a new, smooth, safer pavement surface for many years into the future. We completed another mill and fill and shoulder widening project in Utah this past summer. This $3.8 million job involved five miles and from bid release to completion was 110 days. These aren't long-term projects; they're short-term projects that produce long-term, real value in our economy. Imagine the stimulus from $19 billion worth of those types of short-term, highway maintenance projects.

Investing in the maintenance and preservation of our existing surface transportation system is in my view as important as expanding capacity. If we fail to invest significantly in maintenance, we will see continuing deterioration in existing conditions and increased costs when we get around to the repairs and maintenance vital to an efficient system. A second economic stimulus package, which contains robust investment in transportation infrastructure, particularly a road and highway maintenance component, could be put to use very quickly. We believe that the maintenance backlog that exists in every state is itself a list of ready-to-go projects that lack only adequate funding. Funding for these activities in a stimulus package would provide an immediate economic boost, while also meeting a critical transportation safety and performance need. Oldcastle Materials is prepared to put people to work, spend money with vendors, and help generate economic activity in those places where the money is spent.

Projects like the ones we do and the construction materials we produce are the core of the economic pyramid. Our business supports economic activity upstream and down. We quarry aggregates, produce asphalt and ready-mix concrete, purchase and lease equipment and vehicles, engage drivers and operators, buy safety and related equipment and services, and employ thousands of workers, dispatchers, administrative personnel, safety experts, sales people, estimators and finance and accounting professionals. We buy cement, liquid asphalt, fuel, electricity, equipment parts and service and all manner of materials used in the production of our products and providing our paving and construction services. We provide stone, concrete and asphalt paving materials to other local paving and construction contractors.

Our work supports American jobs. The people we employ are local; they live and do their work locally in the areas where infrastructure investment money is spent. The companies that we do business with: customers, vendors, suppliers and service providers are mostly local businesses hired by our local companies. The money that flows through us to our employees and these local companies is spent directly in the local economy on home mortgages, food, cloths, capital goods, etc. We all know that one of the primary factors in economic recovery is jobs. Our work produces high-paying, local American jobs that will support our economy. The economic impact of infrastructure investment is significant, local and can be achieved short-term.

Maintenance of Our Surface Transportation System

As mentioned earlier, we are facing a dramatic need near-term and long-term for significant investment in the maintenance of our existing surface transportation system. One-third of our major roads are in poor or mediocre condition. To remain competitive in an increasingly global, competitive economy we simply must stop under-investing in our surface transportation system, particularly in the maintenance of the system.

Our experience has shown in a number of states that maintenance and preservation funding is often neglected or reduced in favor of higher profile projects. Important new projects must be completed, like tunnels, bridges and major interchanges, but often it's the state maintenance budget that takes the hit when there isn't adequate funding to do both. The end result is that highway and road conditions on the existing system suffer. We cannot allow this to continue.

As the Committee considers the current stimulus proposals and into next year as you address the reauthorization of SAFETEA LU, I urge you to consider making maintenance and system preservation a major priority. I ask the Committee to consider not only dedicated, robust maintenance and preservation funding, but ways to incentivize states and local governments to maintain and preserve the system.

Now is the time to consider a system where states adopt a pavement management program which includes a goal of maintaining a minimal level of pavement condition as a requirement for receiving federal funds. This could be achieved by requiring maintenance performance standards or through a system of strong incentives to encourage achieving appropriate maintenance performance standards voluntarily. The end result would be a fully maintained and preserved surface transportation system that is safer, more efficient and indicative of the world-class transportation system required to sustain the United States as the pre-eminent, global economic force.

Conclusion

Our surface transportation system is in dire need of significant investment to maintain and preserve the existing system as well as expand its capacity as our nation strives to compete in an increasingly global economy. Our roads are in bad condition and need to be fixed. Over the past several years, road maintenance work has been in steady decline which makes matters worse. Due to this decline, Oldcastle has experienced significant loss of jobs, plant closures and cutbacks in investment and spending in the local economies across the 44 states in which we do business. Much of this maintenance work is already identified and can be let and completed quickly, efficiently and effectively. This investment will support significant local jobs, increase local incomes, generate economic activity and stimulate local economies while preserving our infrastructure and strengthening the long-term competitiveness of our nation. Robust investment in infrastructure is an excellent way to achieve the short and long-term needs in America.

Thank you for allowing me to present Oldcastle Materials' views on the importance of investment in transportation infrastructure.

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American Road & Transportation Builders Association

Transportation Investment Can Make a Significant Contribution to Economic Recovery and Job Creation

Presented to

Committee on Transportation and Infrastructure
U.S. House of Representatives

by

William Buechner, Ph.D.
Vice President, Economics and Research
American Road and Transportation Builders Association
1219 28th Street, NW
Washington, DC 20007
202-289-4434

October 29, 2008

Transportation Investment Can Make a Significant Contribution to Economic Recovery and Job Creation

Testimony by William Buechner, Ph.D.
Vice President, Economics and Research
American Road and Transportation Builders Association

Before the
Committee on Transportation and Infrastructure
U.S. House of Representatives

October 29, 2008

Mr. Chairman, Congressman Mica and members of the Transportation and Infrastructure Committee, on behalf of the 5,000 members of the American Road and Transportation Builders Association, I want to thank you for inviting me to testify on economic recovery and job creation legislation. Our members greatly appreciate this Committee's initiative to include transportation investments in the proposed legislation. Investments in transportation infrastructure not only will generate thousands of new jobs in the short run, but benefit the economy and all Americans for many years afterward.

My name is William Buechner. I am a professional economist and have been ARTBA's Vice President for Economics and Research for 12 years. Prior to joining ARTBA in 1996, I served 21 years as a member of the core economics staff of the Congressional Joint Economic Committee, where I staffed more than 300 hearings on economic policy, unemployment, inflation and investment policy, among a wide range of other topics. I earned my Ph.D. in economics at Harvard University, where I served as senior research associate for the late John Kenneth Galbraith.

I am not an economic forecaster, but there is little question that the U.S. economy is currently being battered by problems that could lead to a serious recession. Some analysts are predicting the unemployment rate could rise to eight percent or higher before this is over and that recovery from the downturn could be a year or more in coming.

The U.S. economy would benefit from enactment of significant economic recovery and job creation legislation, as Federal Reserve Board Chairman Ben Bernanke has recently testified. It is well understood that when consumer spending turns down, homebuilding turns down, business investment turns down, and when overall economic activity is falling, the government can step in and temporarily support demand with provisions like extended unemployment benefits, housing assistance, middle-class tax cuts, and increased investment in infrastructure and public works.

For the rest of this testimony, I would like to focus on the last issue and explain how transportation investment could be a significant part of economic recovery and job creation legislation.

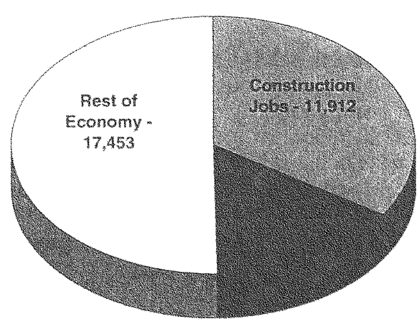
Workers in the U.S. construction industry have, so far, borne the brunt of the current economic crisis. Although the national unemployment rate is just over six percent, **the unemployment rate among construction workers in September was 9.9 percent, almost four percentage points higher than for the economy as a whole**. Economy-wide, more than 970,000 experienced construction workers are currently unemployed including workers shed by the depressed homebuilding industry and the general building industry. During the past three years, highway construction contractors have shrunk their payrolls by 30,000 workers as state and local highway agencies have postponed projects in response to skyrocketing construction costs and tight budgets. **In ARTBA's own quarterly survey of transportation construction contractors, 60 percent of respondents said employment was lower in the third quarter of 2008 than the same quarter of 2007 versus 12 percent reporting higher employment, one of the largest gaps for this measure in the history of our industry conditions survey.** A targeted transportation component in economic recovery legislation would help put these workers back on the job.

Transportation contractors have the capacity for a significant amount of additional construction work. According to ARTBA's latest quarterly industry conditions survey, many transportation construction contractors are operating well below capacity and are eager to take on new work. **Thirty-six percent of surveyed construction firms are operating at 75 percent of capacity or less. This is up from twenty-seven percent in the second quarter of 2008 and the highest report of unused capacity in the history of ARTBA's survey.** On the other end of the scale, only three percent of respondents said they were operating at full capacity in the third quarter, one of the lowest responses we have ever seen in our quarterly survey. With significant available capacity in the industry, there is no question that additional federal transportation investment as part of an economic recovery bill will create jobs that would not otherwise exist.

Thousands of appropriate transportation construction projects are ready to go. Critics argue that transportation projects take a long time to plan and construct and thus are not suitable for an economic recovery and job creation bill. This negative argument assumes that transportation spending in such legislation would target the same mix of projects as the regular federal highway program and other transportation investment programs. But that is clearly not what we are talking about. The regular federal transportation programs focus on major construction projects that require complex plans and environmental reviews and often take years to complete. **An economic recovery and job creation bill should focus on projects ready to go to construction in a very short time—"no-plan" projects requiring minimal engineering such as highway overlays, highway milling and resurfacing, runway resurfacing, bridge deck repairs, bridge painting and scraping, safety improvements, and highway striping, guardrail installation, and signage.** And there are plenty of such projects. Earlier this year, the American Association of State Highway and Transportation Officials (AASHTO) surveyed its members and found more than 3,000 highway projects totaling about $18 billion that could be under construction within 60 to 90 days after enactment of economic recovery legislation. There are likely to be similar ready-to-go projects at many of the nation's airports and local transit systems. In southern states, projects could be underway very quickly. In northern states, projects could be underway as soon as the snow melts. The spendout and job creation would be much faster than for the regular federal transportation improvement programs. **The argument that transportation projects take a long time to plan and execute does not apply** to the kinds of projects appropriate for economic recovery and job creation legislation.

Transportation investment in economic recovery and job creation legislation would generate thousands of new jobs. Periodically, the U.S. Department of Transportation calculates the number of jobs in the U.S. economy that are supported by federal highway investment. In its latest report, issued earlier this year, U.S. DOT found that every $1 billion of federal highway investment, when combined with required state matching funds, supports a total of 34,779 U.S. jobs. Many are well-paid highway construction jobs, as shown in the chart below. The rest are spread throughout the U.S. economy, either in supplier industries or in industries that benefit from the payrolls and spending of highway workers. While the U.S. DOT report emphasized the number of jobs supported by the ongoing level of federal highway investment, the results also mean that **every $1 billion of additional federal highway investment included in an economic recovery bill would generate 34,779 new jobs.** Investment in other transportation modes would generate a similar number of jobs. If the spending is temporary, the jobs will be temporary, but there is no question that new jobs will be created while the money is being spent.

U.S. Jobs Created by $1 Billion of Stimulus Spending on Highways



Source: FHWA

Job creation would begin even before construction starts. According to ARTBA contractors, materials suppliers and equipment manufacturers, **hiring in response to federal legislation often begins well before construction starts.** There are two triggers that signal contractors and suppliers to start adding employees. One is enactment of legislation providing additional financing for construction projects—stimulating suppliers of construction materials and equipment to begin building new inventory and expanding their labor force to meet the impending demand. The second occurs when state and local transportation agencies begin letting contracts for construction projects. **Weeks before construction begins, new employees need to be trained, all employees (even veterans) need safety training, machinery needs preventive maintenance, asphalt plants need to be reactivated, quarries need to be reopened or expanded, materials need to be purchase, equipment purchased or leased. All of this is economic activity—supporting or creating American jobs.** So, as soon as Congress passes economic recovery legislation with additional transportation investment, the job creation process will begin.

Jobs would be created in the U.S. By their very nature, **construction jobs cannot be exported. The jobs created by transportation construction projects in an economic recovery and job creation bill would be located in the U.S. and would employ American workers.** Unlike tax cuts which can be spent on imports, transportation investment would create thousands of well-paid on-site construction jobs in every state plus many other U.S. jobs producing the aggregates, construction machinery, asphalt, cement and other materials used in transportation projects.

Transportation spending would be targeted where need is greatest. One of the strengths of transportation investment in an economic recovery and job creation bill is that, unlike a general tax cut, the funds can be targeted where they will be most effective. Since construction is one of the weak areas of the economy right now, additional investment in highways and other ready-to-go transportation projects would help plug that hole. Furthermore, given the chronic gap between the current level of transportation investment and needs, the improvements resulting from additional transportation investment would be beneficial to the economy and all Americans in the long run as well.

Transportation investment has been used in the past to speed recovery and create jobs. During the severe 1982 recession, President Reagan and Congress worked together to increase the federal gas tax by five cents per gallon and expand federal highway investment more than 50 percent, from $8 billion in 1982 to more than $12 billion by 1985 – equivalent to a $21 billion increase in the federal highway program today. This bipartisan increase in federal highway investment helped boost employment in the construction industry by almost 20 percent between 1982 and 1985, or almost 700,000 jobs. **There is no substantive reason why the success of transportation investment in the 1982 economic recovery program could not be repeated today.**

Transportation provisions in an economic recovery and job creation bill should be crafted for maximum economic impact. To get the maximum job creation from transportation investments, the program should incorporate the following elements:

- **100 percent federal financing.** In an economic downturn, some state and local governments may not have the resources to meet the 20 percent matching requirement of the regular federal highway program. Generating matching funds would delay projects. To assure quick implementation of job creation legislation, the program should permit 100 percent federal financing of construction projects.

- **Maintenance of effort.** State and local transportation agencies should not be allowed to substitute federal job creation funds for their own transportation investment. The program should include a maintenance-of-effort provision, to assure economic recovery and job creation legislation actually creates new jobs. The maintenance of effort provision in the toll credit program could serve as a model.

- **Time certain for letting projects and completing construction.** The legislation should establish a deadline for letting transportation construction projects, to assure that the program begins creating jobs as soon as possible, as well as a deadline for completing construction, to assure that the economic impact occurs when the economy needs it most. If a state fails to meet a deadline, unused funds should be returned for redistribution to other states.

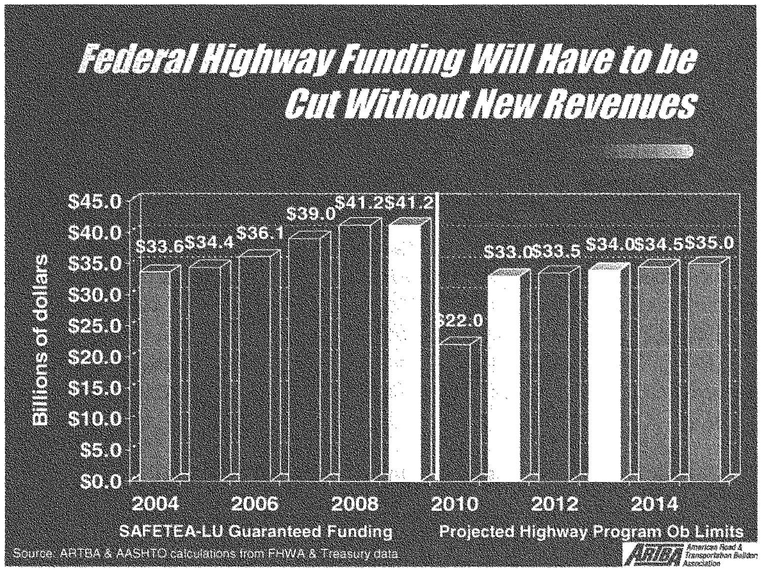
Transportation investment in economic recovery and job creation legislation should supplement, not supplant, reauthorization of the federal surface transportation and aviation programs. SAFETEA-LU, the 2005 act authorizing federal investment in highway and public transportation improvements for FY 2005-09, expires September 30, 2009. The Highway Trust Fund at that time will be left with a miniscule cash balance and a projected revenue stream that will be far less than needed to maintain existing investment levels. ARTBA and AASHTO calculate that the maximum possible highway program in FY 2010 will be $22.7 billion without new revenues. (See attached charts.) Every state would experience a 45 percent cut in federal highway program funding, threatening the loss of 700,000 jobs throughout the American economy. A similar cut would occur in the mass transit program a year later. **Economic recovery and job creation legislation can be a powerful tool for creating new transportation construction jobs in 2009, but it cannot substitute for timely reauthorization of the federal highway and public transportation programs to prevent the potential FY 2010 funding crisis from becoming a reality.**

This risk is compounded by the fact that state and local governments are faced today with their own budget crises. Falling home values and declining consumer expenditures are reducing state and local revenues from property and sales taxes. High gasoline prices, less driving, falling truck sales and plummeting new automobile purchases are cutting into the gas tax and vehicle registration fees most states depend on to fund highway and mass transit projects. At least twelve states have already begun paring their highway construction programs, as detailed in the attached supplement to this statement, and more are sure to follow.

The last time this combination occurred was in 2002 and 2003. The result was a decline in the value of construction work put in place on highways and bridges and falling employment that lasted until 2005 when an improving economy and enactment of SAFETEA-LU provided the foundation for renewed growth of highway and bridge construction activity.

In conclusion, **ARTBA urges Congress to include significant transportation investment in an economic recovery and job creation bill to help increase transportation construction activity and create new jobs in transportation construction as quickly as possible. In addition, Congress should enact new multi-year surface transportation authorization legislation in a timely manner to prevent a disastrous downturn in transportation construction employment in 2010, just as the economy is recovering from the current economic crisis.**

Mr. Chairman, again I thank you for inviting ARTBA to testify during this hearing and I would be happy to answer questions.


Federal Highway Funding Will Have to be Cut Without New Revenues
$45.0
$40.0
$35.0
$30.0
$25.0
$20.0
$15.0
$10.0
$5.0
$0.0
Billions of dollars
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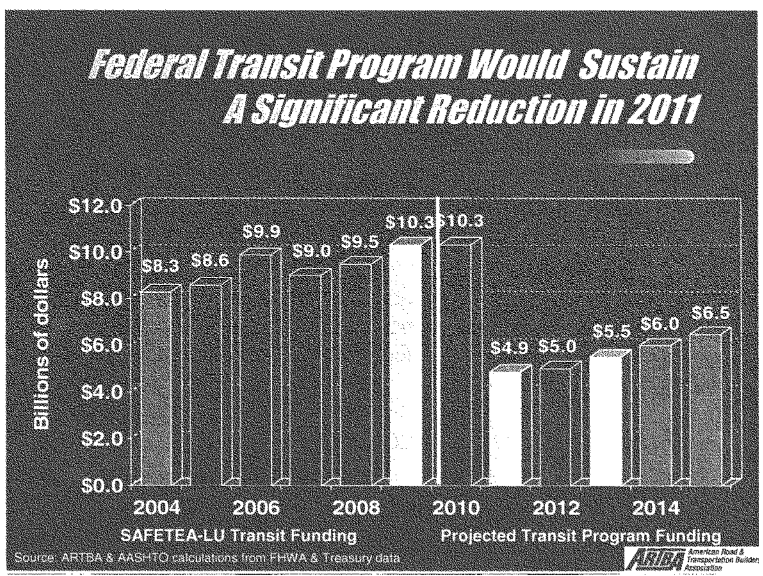
2004 2006 2008 2010 2012 2014
SAFETEA-LU Guaranteed Funding
Projected Highway Program Ob Limits
Source: ARTBA & AASHTO calculations from FHWA & Treasury data


Federal Transit Program Would Sustain A Significant Reduction in 2011
$12.0
$10.0
$8.0
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$4.0
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Billions of dollars
$8.3 $8.6 $9.9 $9.0 $9.5 $10.3 $10.3
$4.9 $5.0 $5.5 $6.0 $6.5
2004 2006 2008 2010 2012 2014
SAFETEA-LU Transit Funding
Projected Transit Program Funding
Source: ARTBA & AASHTO calculations from FHWA & Treasury data

State Transportation Spending Cuts

As of October 20, 2008

Alabama:

- The number of road-building projects funded by the Alabama Department of Transportation dropped significantly through the first half of this year because of the rising cost of fuel and petroleum-based construction materials.
- With motorists driving fewer miles in the face of rising gasoline and diesel fuel prices, fuel tax revenues are down and the number of construction contracts has declined steadily since the first of the year. There were 31 contracts in January, 51 in February, 49 in March, 25 in April, 28 in May and 15 in June.
- ALDOT sought bids in 2002 for 440 transportation projects. The agency contracted 250 fewer projects in 2007, and it's on a pace to have even fewer this year.

Source: *The Birmingham News*. July 29, 2008

- "Our biggest issue is cost escalations due to materials, and our fuel and asphalt indexes are really driving our overruns thru the roof. This will impact our program in that we won't be able to do as many projects.
- Projects have declined while dollars increase or stay level over time. So far through 2008 (which ended our year on September 30) – 311 projects for $603m."

Source: Alabama Road Builders Association. Oct. 17, 2008

Arizona:

- "The proposed South Mountain Freeway could be scaled back, converted into a parkway or delayed further as the Valley faces a $4.5 billion shortfall for transportation projects.
- [Eric Anderson, Maricopa Association of Government's transportation director] said a combination of declining sales tax revenues, rising construction costs and lower bonding capacity have created a funding deficit of at least $3.8 billion but probably more like $4.5 billion."

Source: *The Arizona Republic*. Oct. 16, 2008

Florida:

- "Massive transportation cuts could be coming to the state in 2009, the top official with the Florida Department of Transportation in Northeast Florida is warning.
- The possibility of budget cuts is leading county officials on the First Coast to seriously consider other ways to pay for transportation projects, including tax hikes and toll roads.

- FDOT District 2 Secretary Charles Baldwin and others believe the state will deal with a projected $4 billion budget deficit in 2009 primarily by cutting planned transportation projects. The state cut about $500 million from the $8.2 billion transportation budget in 2008.
- This means any construction project that has not started by the time the Legislature meets next spring is in danger of being cut or indefinitely delayed."

Source: *The Times-Union (Jacksonville)*. Oct. 13, 2008

- "In FL our 5 year work program has taken a $5.2B cut since November 06. In addition our Turnpike just announced a cut of $1.2B in its 5 year work plan."

Source: Florida Transportation Builders' Association. Oct. 16, 2008

Idaho:

- "Worries about the economy and dwindling federal highway spending, along with delays on a North Idaho project, prompted the Idaho Transportation Board on Wednesday to slash the amount of money it hopes to borrow in 2009 to pay for ambitious Idaho highway projects.
- The board voted to cut $174 million from its planned road request for 2009 financed with bonds backed by federal highway payments. Instead of asking lawmakers to approve $299 million in new debt as long planned, the board will seek $125 million."

Source: *Idaho Statesman*. Sept. 18, 2008

Maine:

- "Liquid asphalt, a base for mixing asphalt, has more than doubled in price since early this year, jumping from $307 in January to $765 per ton last month, according to DOT. The transportation agency last month announced the cost increase forced it to suspend 85 miles of planned road paving this year, work that carried a price tag of $13.6 million.
- Some are cutting back or delaying paving projects in the hope that prices will fall, according to Pete Coughlan, a DOT official who works directly with municipal officials. And put off those repairs too long, DOT Deputy Commissioner Gregory G. Nadeau said, and the cost of rehab increases exponentially -- hardly a desirable scenario when revenues are flat or decreasing."

Source: *Kennebec Journal*. Sept. 8, 2008

Maryland:

- "MD Gov. Martin O'Malley plans to announce ... that his administration will delay $1.1 billion in transportation projects over the next six years.
- The projects are funded through a transportation account distinct from the general budget."

Source: *Baltimore Sun*. Sept. 10, 2008

Michigan:

- "Michigan's annual state road and bridge program (MDOT) has seen a drop of over 24% since its high point in 2006. Local agencies have suggested that their losses have been even greater.
- As transportation funds plummet, the number of MI roads that have gone from good to poor condition has nearly doubled – from 11,499 in 2003 to 21,581 in 2007. Forty-five percent of MI's roads are expected to be poor condition by 2018. In addition, one in every six of the state's critical bridges is not scheduled for repair any time in the next five years due to a lack of funds.
- In 2004, it would have cost $3.7 billion to bring all MI roads that were in poor condition up to good condition. Today that figure has already ballooned to $6.6 billion and continues to escalate."

Source: Michigan Infrastructure & Transportation Association (MITA). Oct.17, 2008

Nevada:

- "Nevada's highway system needs about $11 billion between now and 2015. [Deputy Director for Engineering Kent Cooper] said the state's current revenue stream will fall more than $4 billion short of that. Nevada needs to spend at least $1.5 billion between now and 2014 on maintenance and preservation projects 'just to avoid increasing the backlog of pavement and bridge maintenance needs.'
- Unfortunately, one of the things NDOT gave up to meet its share of budget cuts mandated by the governor's office, was the lion's share of its maintenance budget. Director Susan Martinovich said that means NDOT will have to get creative to extend the life and usability of Nevada roads until the economy turns around.
- Martinovich told the board one of Nevada's problems is the state fuel tax is a flat 18.4 cents a gallon where many other states get a percentage. With people driving less, Nevada has actually seen its gas tax revenue drop."

Source: *Nevada Appeal*. Sept. 17, 2008

New York:

- "Citing tough economic times and the high cost of asphalt, the state Department of Transportation plans to eliminate nearly 10 percent of its projects because its budget isn't going as far as expected.
- At the same time the state Thruway Authority is canceling $250 million worth of projects scheduled through 2011, including rebuilding and resurfacing roadways and bridges, and county highway superintendents are looking to scale back local projects, as well."

Source: *The Citizen (Albany, NY)*. Oct. 14, 3008

North Carolina:

- "North Carolina's road-building and transportation budget is being cut by $50 million, a number that could easily grow to $200 million for the year, as state officials react to declining tax revenue.
- Transportation Secretary Lyndo Tippett enacted 6 percent cuts in spending this week. He said no highway construction projects have been delayed so far, but he anticipates the reductions eventually will cause delays.
- The 6 percent reduction mirrors the decline in combined revenue from the state's gas tax and the highway use tax, which is applied to car purchases.
- If tax revenue remains down at the current level, the department will have to cut $200 million by June 30 of next year. Further declines will prompt deeper cuts."

Source: *The Charlotte Observer*. Oct. 17, 2008

Pennsylvania:

- "Since the federal government put the brakes on adding tolls to Interstate 80, Pennsylvania is looking at having the money available for transportation needs cut in half by July 2010.
- If I-80 isn't tolled, funding will drop to $250 million a year for transit and to $200 million a year for highways and bridges, said Rich Kirkpatrick, a spokesman for the state Department of Transportation."

Source: *The Patriot News*. Oct. 20, 2008.

Virginia:

- "Virginia's transportation revenues are expected to decrease by up to $2.6 billion over the next six years, putting the brakes on most new highway construction and probably hurting services ranging from rest stop operations to roadside mowing, the state's top transportation officials said Wednesday."
- The Commonwealth Transportation Board will decide later exactly which projects in the six-year highway construction plan will be scrapped or delayed. Virginia's

transportation revenues had been projected at about $25 billion over the next six years

- [Secretary of Transportation Pierce Homer and Virginia Department of Transportation Commissioner David Ekern] cited the faltering national economy and decreasing gasoline and automobile sales tax collections as the chief reason for a downward adjustment of $2.1 billion to $2.6 billion. The reductions are on top of June's $1.1 billion cut in the six-year highway plan. That program, which now stands at $7.9 billion, will be slashed an additional $1.1 billion to $1.6 billion."

Source: *The Virginia Pilot*. Oct. 15, 2008.

- "State and federal revenues are projected to be between $2.1 and $2.6 billion less over the next six years. We must make $227 million in reductions for the rest of this fiscal year alone."

Source: Statement by David Ekern, P.E., VDOT Commissioner. Oct. 15, 2008

West Virginia:

- "To deal with declining revenue and higher expenses for construction materials, the state highways department will focus on maintaining roads and bridges instead of building new ones, officials said.
- The main source of funding for Division of Highways, the state Road Fund, is projected to slowly but steadily decline as high gas prices reduce travel. That will reduce revenue from the state gas tax, the major component of the fund.
- Projections are that the Road Fund will decline from $660 million in the current budget year to $648 million in fiscal 2012-13, as drivers cut back on travel and gradually switch to more fuel-efficient vehicles."

Source: *Charleston Daily Mail*. July 30, 2008

Testimony of

Brian Burgett
President and Chief Executive Officer
Kokosing Construction Co., Inc.
Fredericktown, Ohio

on behalf of
The Associated General Contractors of America

presented to the

Committee on Transportation and Infrastructure
U.S. House of Representatives

for a hearing on

Investing in Infrastructure: The Road to Recovery

October 29, 2008

The Associated General Contractors of America (AGC) is the largest and oldest national construction trade association in the United States. AGC represents more than 33,000 firms, including 7,500 of America's leading general contractors, and over 12,500 specialty-contracting firms. More than 13,000 service providers and suppliers are associated with AGC through a nationwide network of chapters. Visit the AGC Web site at www.agc.org.

THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA
2300 Wilson Boulevard, Suite 400 • Arlington, VA 22201 • Phone: (703) 548-3118 • FAX: (703) 837-5407

Thank you, Mr. Chairman, Ranking Member Mica and the distinguished members of the Committee for inviting me to participate in today's important hearing on how infrastructure investment will lead our economy down the road to recovery.

My name is Brian Burgett. I am President and CEO of the Kokosing Construction Company located in Fredericktown, Ohio, and I am here today testifying on behalf of the Associated General Contractors of America (AGC). Kokosing Construction Co., Inc. headquartered in Fredericktown, Ohio, is a multi-million dollar, regional general contractor committed to delivering the highest level of quality and superior service to valued clients around the Midwest and is proud to be listed as number 78 on the *Engineering News Record's* Top 400 General Contractors list. Our purpose is to construct superior results—great leaders, great products, and great relationships.

The Associated General Contractors of America (AGC) is the largest and oldest national construction trade association in the United States. AGC represents more than 33,000 firms, including 7,500 of America's leading general contractors, and over 12,500 specialty-contracting firms. Over 13,000 service providers and suppliers are associated with AGC through a nationwide network of chapters. AGC contractors are engaged in the construction of the nation's commercial buildings, shopping centers, factories, warehouses, highways, bridges, tunnels, airports, waterworks facilities, waste treatment facilities, dams, water conservation projects, defense facilities, multi-family housing projects, site preparation/utilities installation for housing development, and more.

AGC is also a founding member and Co-Chair of the Water Resources Coalition, which was established in 2007 to promote the development, implementation, and funding of a comprehensive national water resources policy. Our member organizations represent state and local governments; conservation, engineering, and construction; and ports, waterways, and transportation services. The Coalition works to ensure that a comprehensive national water-resources policy is developed, implemented, and funded to provide a sustainable, productive economy; a healthy aquatic ecology; and public health and safety.

On behalf of AGC, I urge this Committee to recommend to the full House economic stimulus activities that would have an immediate positive impact on economic activity. Specifically, I strongly encourage you to make recommendations on provisions that would immediately boost construction activity. The construction industry employs more than 7 million people and represents more than $1 trillion annually in economic activity, including $500 billion in materials and $36 billion in new equipment. We have excess capacity at Kokosing and throughout the construction industry, and we need the investments to create jobs in the Midwest and throughout the country.

State of the Economy

When budgets are tight, private investment and public investment at all levels is cut. At the state and local level, budgets have declined significantly because of the decline in home values, resulting in lower property tax collections. The recent financial crisis has also hampered the ability of state and local governments and public agencies to borrow short term, delaying or eliminating various infrastructure improvement projects. According to Municipal Market Advisors, a consulting firm that specializes in municipal bonds, $100 billion of new infrastructure projects have been delayed because of the constricted credit markets. In addition, volatility in construction materials prices, driven by inflation, has reduced the purchasing power of public works dollars. As a result, fewer contracts are going out to bid, which means less work for contractors and fewer jobs for their employees.

Construction Inflation Data

Construction materials continue to drive up the cost of our product. AGC's economic research shows that the Producer Price Index (PPI) for construction rose 45 percent from December 2003 to September 2008. This compares to a 19 percent increase in the Consumer Price Index (CPI). Indexes for highway and street construction and other heavy construction—activities under the jurisdiction of this Committee—are more dramatic. They rose 76 percent and 60 percent, respectively, over the same period. The PPI reflects the increase in the cost of basic building materials including steel, cement, asphalt, aggregate, and other materials. Diesel fuel price increases also impact this cost as construction activity is energy intensive.

Impact on Employment

The impact of fewer contracts being bid is reflected in shrinking nationwide unemployment numbers. Heavy and civil engineering construction employment peaked in June 2007 and has steadily decreased over the past 16 months. There was more than a 5 percent decrease in these jobs over that period, which equates to 52,000 construction employees now out of work. This worrisome trend should be stopped now.

My company has already seen a significant down turn in the various construction markets in which it operates. The sharpest decline has been in the commercial and retail sector where five major projects valued at over $50 million were just recently cancelled. There has also been a major decline in highway construction, utility and sewer line work, as well as water treatment plants. In addition, our aggregate business has declined by 30 percent over the past year.

Kokosing's experience reflects what the economists are telling us could be true about the future market. AGC's Chief Economist is projecting a decline of as much as 9 percent in non-residential construction activity in 2009, which is in line with the 10 percent decline projected by McGraw-Hill Construction economists. Kokosing employs approximately 3000 workers and the consequence of this decline in construction activity is the anticipated reduction of our work force by 15 to 20 percent in the coming year. That translates to 450-600 good, skilled, and safe workers who will lose their jobs because of these market conditions. AGC's economist reports that an additional loss of 10-15 percent nationwide is possible if the economy does not turn around. That could add another 100,000 or more lost jobs to the 52,000 lost over the last 12 months.

Broader Economic Impact

This decline in the construction market also has broader implications for the economy. For example, our company has been forced to shelve or trim down plans for expansion and reduce our usual annual investment in equipment. Each year we typically replace 10 percent of our equipment fleet and in a growing market we would also be purchasing additional equipment. The cost of this investment over the past few years has averaged $30-45 million per year. We have already canceled some planned purchases for next year and are putting many others on hold until we see what funding is going to be available for new work. An investment in equipment of this magnitude next year is highly unlikely.

Leading Economists Support Infrastructure Investment

An infusion of federal infrastructure funding would have a direct stimulus effect by putting more contractors and their employees back to work and many leading economists agree that infrastructure investment does have a powerful stimulating effect on the U.S. economy.

Mark Zandi, Chief Economist for Moody's Economy.com has found that the "boost to GDP from a dollar spent on building new bridges and schools is estimated to be a large $1.59." He argues that "if infrastructure projects can be identified that could be started quickly then this could prove to be an efficacious form of fiscal stimulus."

Lawrence Summers, former Secretary of the Treasury, further argues that "there is reason to believe today that a significant amount of stimulus can be delivered with reasonable rapidity...If one looks at the several hundred million dollar infrastructure commitment that was made after the bridge collapse in

Minneapolis about a year ago, 86 percent of the money had not just been obligated, but had been spent within a 9 month interval. The sense that there is a backlog that can be moved rapidly is reinforced by the extensive anecdotal evidence of projects [that] have been slowed partially through the process of construction, or that are ready to let, but have been held back for budget reasons…"

Water Resources Infrastructure: Another Road to Recovery

While Kokosing Construction Company and the 33,000 members of AGC are engaged in all aspects of public infrastructure construction, I will focus the remainder of my remarks on the opportunities water resources investment would create for our economy. Nonetheless, I encourage the Committee to give all due consideration to the comments of the other organizations represented today in any recommendation the Committee makes to the full House on a broad-based infrastructure component that would be included in an economic recovery package.

Both the U.S. Army Corps of Engineers and Bureau of Reclamation have construction and operations and maintenance backlogs for which additional funding would create immediate construction employment opportunities. With additional funding, the U.S Army Corps of Engineers would fully fund, through design-build contracting, major waterways and dam safety projects. According to the Corps, it would take about 9 months for the Corps to go through the entire contractor selection process and award a best value contract. While the time it would take for the contractor to ramp up would vary depending on the project, the good news is that the stimulus would continue for several years, particularly for a very large construction project. However, expenditures—and thus, job creation— for on-going and smaller construction projects, including dredging and operations and maintenance work, would be higher up front.

Our company has worked extensively on Corps of Engineers Civil Works projects over the past several years and we hope to continue in the future. In the Great Lakes District, where we primarily operate, we understand that there are several projects that are ready to go to bid within 30 days if funding were provided. Other larger projects would be ready to go to construction with 6 to 8 months.

The Corps estimates that $5 billion invested in water resource projects would create over 140,000 new jobs. Of this total, almost 40,000 would be new private sector jobs with average salaries ranging from $38,000 to $42,500. Over 100,000 additional new jobs would be created in industries supplying the water resource projects funded by the stimulus and the goods and services needed by the workers and their families.

There are several other important benefits to stimulus funds for water resources projects identified by the Corps of Engineers. Such funding would:

- Substantially reduce the backlog of critical maintenance and repairs at approximately 360 multiple purpose flood control, hydropower, recreation, water supply, and navigation projects.
- Repair several high risk dam safety projects.
- Rehabilitate and upgrade hydropower plants to achieve an industry standard 98 percent availability.
- Recapitalize the oldest and most at-risk projects on our inland waterways system.
- Fully dredge to authorized depth the nation's 296 highest use, deep draft, commercial ports.
- Fully dredge our inland waterways to authorized depth and width.
- Repair and upgrade critical coastal protection projects that serve as defense to key population centers.

The nation's Marine Transportation System contributes 30 percent of the nation's Gross Domestic Product through the movement of petroleum, coal, and other energy products to power plants and consumers and through the export of agricultural and other products to global trade partners improving the nation's balance of trade. Approximately 2.6 billion tons, or 94 percent, of the nation's commercial import and export commerce, valued at over $620 billion, is moved on the channels and waterways. Failure to maintain channels creates a drag on the economy and may slow economic growth. Additional investment in our nation's waterways would be used to improve channel availability of our coastal ports from 32 percent to 95 percent, and would improve inland waterway lock and channel reliability and availability by reducing lock closures due to mechanical failures from 27,000 hours to 10,000 hours per year.

Finally, investment in this sector will greatly expedite the construction of critical environmental projects, completing projects sooner, returning critical ecosystems to a more natural state. Projects producing beneficial impacts on more than 1 million acres could be expedited. Of these outputs, approximately 90 percent are nationally significant and would contribute greatly to long-term environmental sustainability.

To maximize the economic stimulus benefits of investment in water resources projects, the Corps recommends, and AGC agrees, that a one-time provision be enacted to enable cost-sharing sponsors to repay their share within 5 years. Since most Corps projects are cost-shared, and many local jurisdictions are experiencing budget shortfalls, this provision would allow the Corps to enter into cost-sharing agreements without regard to the availability of the non-federal share and immediately apply funding where it would do the most good.

Additional Considerations

The Harbor Maintenance Trust Fund

The current state of the nation's ports and harbors requires a significantly larger increase in spending. Accordingly, we remain concerned about the current balance in the Harbor Maintenance Trust Fund (HMTF). As of September 30, 2006, the balance in the HMTF was $3.306 billion, an increase of $523 million (18.8 percent) over the FY 2005 year-end balance, even after all fund transfers to the Corps. The balance in the HMTF increased to $3.749 billion in FY 2007 and to an estimated $4.728 billion in FY 2008. Revenues have substantially exceeded transfers to the Corps for a number of years despite the demonstrated need for harbor improvements. As Congress considers additional opportunities to invest in water resources spending to stimulate the economy, the surplus in the HMTF should not be overlooked as an immediate source of revenue to fund these critical projects. Furthermore, as Congress looks towards long-term investment, AGC strongly recommends enactment of legislation setting the obligation authority each year equal to projected prior-year revenues collected in the HMTF.

Reprogramming and Continuing Contracts

The FY 2008 Omnibus Appropriations Bill granted the Corps additional flexibility to meet existing obligations and unforeseen operations and maintenance needs. This additional flexibility is crucial to help the Corps meet the ever-changing needs of civil works project execution, and it is hoped that Congress will consider extending this courtesy to certain projects in the other accounts as necessary.

In FY 2006, Congress approved making continuing contracts optional rather than mandatory. AGC strongly believes that use of the continuing contract is an important contracting mechanism given the vastly varied scope of projects executed by the Corps of Engineers. Unfortunately, limited resources for long-term Civil Works projects have plagued the immediate benefits water resources projects offer the nation. Take, for example, an O&M contract for a lock and dam project. There is a sort of double inefficiency silently at work when we limit funding for such projects. One is the lost productivity, which is incurred immediately. The other inefficiency is the higher price tag when repairs are finally undertaken. A lock and dam that receives regular maintenance will last at least twice as long as one that does not. The cost of timely maintenance and repair is a tiny fraction of constructing a new lock and dam.

Additional funds to accelerate project execution under continuing contracts should be considered an overall benefit to the nation. There are immediate economic stimulus benefits to be derived from directing additional funds these types of on-going projects. In these instances, contractors are already mobilized and performing work, but the amount of work they can perform is limited by available funds. With additional funding, contractors could hire more workers immediately and complete the project more quickly

Economic Stimulus Legislation

AGC greatly appreciates the action taken by the House in September in passing H.R. 7110, which would provide additional supplemental appropriations for a number of major federal construction programs to stimulate economic recovery through infrastructure investment and direct and indirect job creation. That bill would provide almost $5.5 billion in additional water resources investment, including $5 billion for the U.S. Army Corps of Engineers and $426 million for the Bureau of Reclamation. AGC strongly supports this additional investment, as well as the funding proposed for other federal construction programs provided under H.R. 7110, and urges the Congress to reconsider this or other similar legislation as soon as possible in the upcoming weeks.

Concluding Remarks

Mr. Chairman, we at Kokosing and the members of AGC are ready to build these projects, so we can create and sustain jobs throughout the country. Construction has always been an engine of economic stimulus and can play that role once again. Increases in infrastructure investment can be quickly put to work and will have a direct, immediate, and dramatic impact on the economy. Moreover, since some construction contracts take many years to complete, investment made today will provide economic growth through any prolonged period of economic downturn. Most importantly, however, the long-term economic benefits of infrastructure investment today should not be overlooked. Through additional investment in infrastructure, our nation would be well positioned to emerge from the economic downturn, rebuild our world-class infrastructure system, and ensure our continued economic prosperity well into the future.

Thank you for this opportunity to comment. I look forward to working with the Committee and would be happy to answer any questions.

COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE
UNITED STATES HOUSE OF REPRESENTATIVES
"Investing in Infrastructure"
October 29, 2008

Chairman Oberstar, Ranking Member Mica and distinguished members of the Committee. I'm pleased to testify on this critical topic of job creation and economic recovery within the context of infrastructure investment. My views reflect my role as governor of a state heavily dependent on our transportation system as well as Chairman of the National Governors' Association's Economic Development Committee.

First, however, let me thank Chairman Oberstar for his consistent, thoughtful leadership on the nation's transportation and infrastructure issues and more specifically for his attention to my state's complex multi-modal transportation networks. As the Chairman knows, New Jersey is the most densely populated state, a corridor state, and a state that houses the largest port complex on the eastern seaboard. Without question, managing, maintaining and extending New Jersey's infrastructure is essential for the economic well being of our nearly 9 million citizens and also for our contribution to the national economy.

Let me thank my two home state Congressmen serving on this committee for their bipartisan support and attention to our nation's and New Jersey's infrastructure – Congressmen Albio Sires and Frank LoBiondo.

Mr. Chairman, two weeks ago I addressed the New Jersey Legislature on an emergency basis with regard to the State's deteriorating economic circumstances. I laid down state initiatives that might help bridge a national recession and lay a foundation for an early and sustainable recovery. My proposals assumed a fairly deep recession with 3 to 4 quarters of negative growth and unemployment perhaps reaching 8-8.5%. The urgency of my call for action was obviously underscored by the crisis and dislocation in my region's financial services industry. In short, our real economy and outlook is deeply troubled. As you are well aware, New Jersey's challenges are indicative of a broader trend among the states and I might add – our cities and municipalities.

In my address, I told my colleagues that while we cannot stand alone against a national economic tide, under no circumstances can we stand idly by. Despite our current year's budget being $400 million in the red or that next year's revenue shortfall could reach $3.5-4.0 billion, New Jersey must act to the best of our ability to stabilize our economy. I clearly and respectfully recommend the federal government act as well. We need a substantial and timely – post election not post inauguration – stimulus package. My hope is that its total size will be in the $250-300 billion range or 1.5-2% of GDP.

It is with this backdrop that I recommend the committee work to include infrastructure investments as a critical element of any Federal effort as it was in my proposal to the New Jersey State Legislature. My proposals included three basic elements:

First, I proposed immediate help to those most vulnerable to the economic slide – i.e. the unemployed, those challenged in the housing crisis, and those struggling with the cost of food and fuel. Second, I proposed changes to

New Jersey's business tax structure to enhance our business climate, competitive position and our long term economic prospects. And, most importantly, I asked all of my cabinet and authorities units to accelerate already planned transportation and school construction projects where financeable in the next 6-9 months. This effort should pull forward $3.5-4.0 billion of incremental projects in the near term and stimulate economic activity and perhaps create as many as 40,000 jobs.

And, finally I recommended we all take the next Amtrak to Washington and ask for your help. ... That's why I am here. ... We need federal help to get through these tough times so that New Jersey and other states don't take actions that offset any stimulus you all provide or that we further compound shrinking demand for our flailing economy. To this point, I have seen estimates that state budgets could shrink substantially more than $100 billion in the next fiscal year without federal help. And that shortage could well be doubled up by local governments who are also suffering large revenue shortfalls.

Simply put we need federal aid for both operating purposes and capital investments. Housing and FMAP, waivers or DISH caps, unemployment benefit extensions, block grants, or revenue sharing are all ideas that need to be considered in a comprehensive package. Initiatives in these areas are needed to stop the bleeding.

That said, we need to turn the economy around. We need to create aggregate demand today so as to replace the sharp declines occurring in construction and manufacturing sectors and now spreading into the service sector.

Mr. Chairman, your background paper prepared for this hearing, "Investing in Infrastructure-the Road to Recovery" lays out the compelling case for using national infrastructure investments as a means to jumpstart our economy. These investments will create jobs, improve safety, reduce congestion and improve long run national productivity. In New Jersey alone we have $1.2 B in additional construction projects ready to go within the next 90-120 days. The reality is we should be making these investments even if we weren't in a recession.

As you paper makes clear, the nation's construction industry is on its back, our infrastructure is deteriorating and in too many cases compromised. And-unfunded projects and plans are in place-"ready to go." Let's put people to work, build roads, bridges, tunnels, schools, wastewater treatment systems – even a 21st century commitment to build alternative energy capacity and implement carbon abatement policies.

Mr. Chairman, your staff estimates the $30 billion investment contemplated by HR 7110 would create or sustain more than 834,000 jobs. Let's get on with putting people to work.

Let me conclude my remarks with an observation. A stimulus program aligned with long run objectives is a win-win action. Parochially speaking, the partnership New Jersey and New York seek with the federal government building a second mass transit tunnel under the Hudson River is just such a aligned project. This nationally significant project will put people to work today and our grandchildren will benefit too.

Mr. Chairman, we should turn this period of adversity into a time of opportunity. I support your effort and stand ready to answer your questions. Thank you.

TESTIMONY

OF

WILLIAM L. CROSBIE
CHIEF OPERATING OFFICER
AMTRAK
60 MASSACHUSETTS AVENUE, NE
WASHINGTON, DC 20002
(202) 906-3400

BEFORE THE

HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

WEDNESDAY, OCTOBER 29, 2008 – 9:30 A.M.

Good morning. My name is William Crosbie, and I am the Chief Operating Officer for Amtrak, a position I have occupied since 2003. I am responsible for the conduct of daily operations and for the engineering and maintenance work necessary to keep a fleet of more than three hundred trains a day on the track and on time.

As the first Amtrak officer to appear before this body since the President signed the Rail Safety Improvement Act into law, on behalf of our President, Alex Kummant, and the 18,828 other employees of Amtrak. I would like to thank those members of this Committee who played such pivotal roles in getting it passed. To Chairman Oberstar, Mr. Mica, Ms. Brown, and Mr. Shuster, I would extend our heartfelt appreciation for all of your efforts. We are confident that this act will do much to strengthen Amtrak and encourage more effective intercity passenger rail service in the years to come.

I appreciate the opportunity to be here today to discuss our infrastructure and equipment needs in the context of a national recovery effort. In a moment, I will lay out for you a number of projects that we have ready to go that will generate work and jobs in our facilities and on our right of way, as well as providing work for our vendors and suppliers. I would like to emphasize that the rehabilitation of our fleet will allow us to take some concrete measures to supply the transportation capacity we need. People use our trains for a variety of reasons. They go to work, take business trips or personal travel, and we provide them with a safe, economical, and environmentally friendly mode of transportation. These are durable projects; as you will see, many of the structures we propose to upgrade have lasted for decades, and some for more than a century, so we expect that the investments we make today will have enduring value; we will be realizing benefits from them for decades to come. This resilience is one of the unique characteristics of the railroad industry, and I think it's important to touch here on the vital importance of the national rail network, and the full range of freight and passenger services that it carries, to the American economy.

(Slide 1)

I want to start by mentioning the growth in ridership we have experienced. FY07 was a record year for Amtrak ridership, and we broke that record in FY08. Our total ridership grew more than 11% this year, and while some of that growth was on our traditionally well-patronized Northeast Corridor services, we are seeing growth on corridors in the Midwest, California, and elsewhere. As the economy has softened, we have seen some drop in ridership on the NEC, and we are keeping a close eye on our other services. We are a little concerned about the near term, but we recognize that this is a moment to plan and invest for the future.

(Slide 2)

Rising gas prices have contributed significantly to our ridership growth. Railroads enjoy some inherent mechanical advantages, and those translate into economic advantages, particularly in a time of rising fuel prices. We do have some increased costs, but economies of scale allow us to move larger numbers of riders without a corresponding increase in costs, and our Northeast Corridor services are electrified. Electrification allows us to run faster services and is not dependent on imported oil. But the infrastructure is aging and capital intensive, and requires a program of continuing investment to keep the lines and equipment in operation.

(Slide 3)

Amtrak needs five kinds of investment right now – 1) investment in the Northeast, where we own the railroad and parts of the electrical infrastructure, 2) investment in improvements on existing routes, 3) investments in our existing fleet, and 4) investment in new equipment that will replace aging coaches and locomotives, sustain existing services, deal with growth, and inaugurate new services. And if we are to fulfill the vision that's embodied in the recent Amtrak reauthorization bill, we are going to need money to expand our range of corridor offerings – that's the fifth category.

(Slide 4)

Our immediate capital needs fall into two categories – infrastructure and rolling stock. We have already budgeted for the return of 12 Amfleet cars to service in FY09, and we would like to get all of the 81 Amfleet cars that are currently out of service back into service. These will help us to deal with growth needs.

The infrastructure needs of the Northeast Corridor are also pressing. Currently, our engineering staff estimates that we could get to work relatively quickly on $70 million of projects previously submitted to the Committee staff. For example, station and facility projects require no special scheduling to avoid disruptions to trains, and some of the work could be done by contracting with construction firms. In addition to these projects, we have identified $87 million worth that could be undertaken if the money was forthcoming. Approximately $11 million of the $160 million total would be directed toward projects that would improve Amtrak's compliance with the Americans with Disabilities Act.

(Slide 5)

One area where we would invest is in our aged and aging mechanical facilities, particularly the Wilmington and Beech Grove shops, which are over a century old. Our mechanical facilities are in great need of improvement and rehabilitation, and targeted investments would improve working conditions and shop efficiency for a relatively small cost.

(Slide 6)

Our electric traction system is one of our great competitive advantages. It allows us to move trains at up to 150 mph, but much of the electrical infrastructure dates from the 1930s – the frequency converters shown here, on our Harrisburg line, were installed in 1938. Failures in the electrical system can bring the entire railroad to a halt until we can substitute diesels or make repairs. Upgrades and improvements to key components will improve our system resilience considerably.

(Slide 7)

As part of the process of returning the Northeast Corridor to a state of good repair, we have begun reconstruction of the ventilation and access systems, and firefighting equipment for the tunnels that allow trains to reach Manhattan from the north and south. We do not currently have enough money to fund the program at the desired level, but the addition of $10.8 million would allow us to continue the work of improving those systems that have not yet reached the end of their life cycle, and replacing those that have.

(Slide 8)

Here is an example of one of the larger station projects we need to undertake. Thirtieth Street Station is the third busiest station in the system. It's a registered historic landmark, but it requires significant exterior work. We estimate that the entire project of repairing and sustaining the façade will cost $32 million, but the first phase could be undertaken for $5 million.

(Slide 9)

These vital systems support an infrastructure and a fleet that are carrying a heavy load. The chart on the right is a plot of ridership in coach class on our Regional trains for one week in late July. Every red square indicates a train that was more than 85% full at some point in its trip. Almost half of our trains (49%) were more than 85% full, and 62% were more than 75% full. There is still some room, but the heavy growth in demand in recent years and the very heavy utilization of our fleet suggest that we are facing a coming capacity crunch if we don't get more equipment into service – particularly as our fleet ages.

(Slide 10)

We have improved our maintenance processes for these cars, and improved organization of work, material availability, and quality process are allowing us to get more mileage out of every car, a benefit that will also accrue to stored equipment when we return it to service. This will not be enough to meet the long-term demand. We currently have 81 Amfleet cars in storage, and we would like to return them to service. Doing so would provide headroom for growth, it would get us some equipment to use on new short distance corridors or on expansion of service in places where the demand is growing at double-digit rates, like the Chicago-Milwaukee *Hiawathas*, and it would relieve some of the stress on the fleet.

(Slide 11)

We are also preparing plans and specs for the next generation of equipment. The AEM-7 electric locomotives are the backbone of our NEC services. The first one entered service in 1979. They are approaching the end of their useful life, and our Heritage fleet of diners and baggage cars is far older – many of them date from the 1940s. We also need to get fifteen new sleepers for our single level fleet, which generally operates on Chicago and Florida trains that terminate in New York City. The total cost for this will be around $540 million.

(Slide 12)

As you are no doubt aware, H.R. 2095 requires us to work with the FRA to implement Positive Train Control, or "PTC" systems on main lines. I am pleased to be able to say that Amtrak is in the forefront of the industry in the introduction and use of PTC, and we have two active systems. The Advanced Civil Speed Enforcement System, or "ACSES," is in use on parts of the Northeast Corridor, and the Integrated Train Control System is employed on parts of our Michigan line. The cost of extending these systems to fully equip Amtrak-owned rolling stock and rail lines will be in the vicinity of $120 million.

I should note that this estimate does not include some key costs. It doesn't include the cost of implementing PTC on tracks that Amtrak uses and equipment Amtrak doesn't own on the Northeast Corridor, such as Metro-North Commuter Railroad. Nor does it include the cost of equipping Amtrak trains to operate on the lines of the freight railroads outside of the Corridor. These are going to be separate expenses, and we will let the Committee know the costs we expect to incur once the freights' implementation plans are developed. We are concerned the Federal Railway Administration does not have the resources to handle nationwide PTC as required by H.R. 2095. As they are under a continuing resolution that keeps them at the 2008 level of funding, they won't have the opportunity to add resources until they get a budget. This could potentially harm our ability to move swiftly on PTC implementation.

(Slide 13)

There are also a number of projects Amtrak could undertake that are significantly larger, but carry the potential for longer-term employment and expansion, as well as the extension of service. It is not unrealistic to project the improvement of a passenger rail corridor to extend or inaugurate 110 mph service, and a route of perhaps 100 miles could be greatly improved for considerably less than a billion dollars – for example, our line between Chicago and Detroit. The portion that is owned by Norfolk Southern faces an uncertain future, and I think it's fair to say that the total cost of purchasing and rehabilitating it would not exceed $300 million; if that were combined with $100 million that the US DOT has projected for the construction of a third track between Chicago and Porter, Indiana, we could move people between Detroit and Chicago at twice highway speed for less than a billion dollars.

There are also several major projects that could help Amtrak deliver faster and more reliable service. The CREATE project is a plan designed to improve rail access to the city of Chicago, and Amtrak is interested in several portions of the larger project. Amtrak is contributing money to the Englewood flyover project, and there are other areas where Federal money could partner with private and state funds to obtain significant improvements for passenger service.

I would also observe that Amtrak's needs for compliance with the Americans with Disabilities Act are significant. Estimates for the total cost vary. Under current ADA standards, the estimated cost ranges from $250 to $500 million; if the DOT implements a proposed rule on full length platforms for level boarding, the total cost rises to the $1.2 to $1.6 billion range. If the money could be provided, we could probably get a fairly quick start on some of these projects, since much of the work would be done by outside contractors.

In closing, I would like to express my appreciation for the opportunity to testify. Our capital needs are significant, but we do have the ability to address some of them in the near term, given sufficient funding. Many of the projects I have discussed would quickly confer a range of benefits on the company, the nation, and the traveling public, reliability and safety foremost among them, and I would urge you to consider them as you deliberate in the coming days. This concludes my statement, and I would be happy to answer any questions you might have.

TESTIMONY OF

WILLIAM CROSBIE
CHIEF OPERATING OFFICER
AMTRAK

BEFORE THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

WEDNESDAY, OCTOBER 29, 2008
9:30 A.M.
2167 RAYBURN HOUSE OFFICE BUILDING

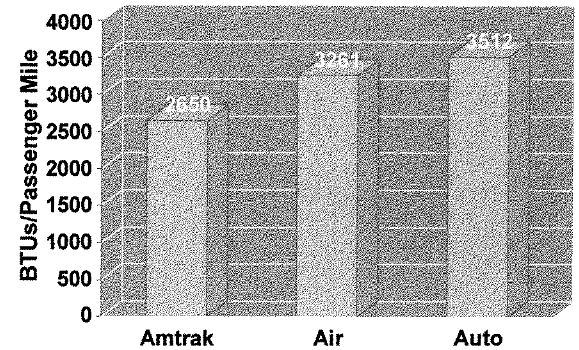
AMTRAK®

FY 08 was a strong year for ridership, and for Amtrak

- In spite of a softening economy, Amtrak carried a record 28.7 million riders in FY 2008
  - 11.1% growth in ridership and a 14.2% growth in revenues
  - Our NEC services are well patronized and grew by 8.6%
- Short distance corridors outside the Northeast grew by 13.8%, and accounted for 47.5% of total annual ridership
  - Milwaukee-Chicago *Hiawatha* service grew 25.9%
  - *Pacific Surfliner* between San Diego and LA has "*Acela*-magnitude" ridership
    - 2.89M riders for FY 08, versus 3.39M riders on *Acela*
    - In August actually carried more riders than *Acela* (313K vs. 250K)
- Strong freight and passenger network is a vital component of the national economy
- Reauthorization provides unprecedented levels of authorized funding
  - Will improve our ability to work with states to address growing demand for service
  - Will help the nation to address its transportation needs and reduce dependence on foreign oil
  - Provides an investment in an energy-efficient form of transportation

We see a great future for passenger rail

- Energy efficiency underpins this growth
  - Rising gas prices have helped our ridership this year
  - Rail is a naturally efficient mode of travel
  - Economies of scale enhance our natural efficiencies
- Our Northeast Corridor services are completely electrified, and require no imported oil



Source: U.S. DOE, 2008

- Meeting the vision Congress has presented in the reauthorization does involve some significant capital challenges
  - We have not been able to fully fund our capital investment needs in recent years
  - State of good repair backlog remains large on the Northeast Corridor
  - Americans with Disabilities Act compliance deadline is 2010
  - Our aging fleet is run hard and is stretched very thin

Types of investment

- Northeast Corridor Infrastructure
  - Includes maintenance facilities (some off-corridor) and stations
- Rail Infrastructure Reliability and Resilience
  - Funding for improvements to Amtrak service on existing routes
- State Corridor Infrastructure
  - Funding to initiate new services, routes, and frequencies
- Fleet
- New Equipment
  - Replacement of equipment that has reached the end of its service life
  - Provision of new equipment to expand corridor services and accommodate growth on existing services

Addressing Amtrak's immediate capital needs

Category	Cost (M)
Rolling Stock	130
Infrastructure	160
PTC	120
Total	410

- Rolling stock needs
  - $71M to return 81 Amfleet cars to service
  - $58.5M to fund mechanical projects such as facility improvements
- Infrastructure needs
  - About $70M would allow us to undertake work that was deferred from FY 09 budget because of funding constraints
  - Additional projects (totaling about $87.6M) could be undertaken relatively quickly
    - Off-corridor track projects (do not require extensive rescheduling)
    - Station & Facility repair, and emergency backup power projects
    - Some bridge projects
  - $11.65M of this money would be spent on projects that would improve Amtrak's compliance with the Americans with Disabilities Act
  - Infrastructure needs total about $160M

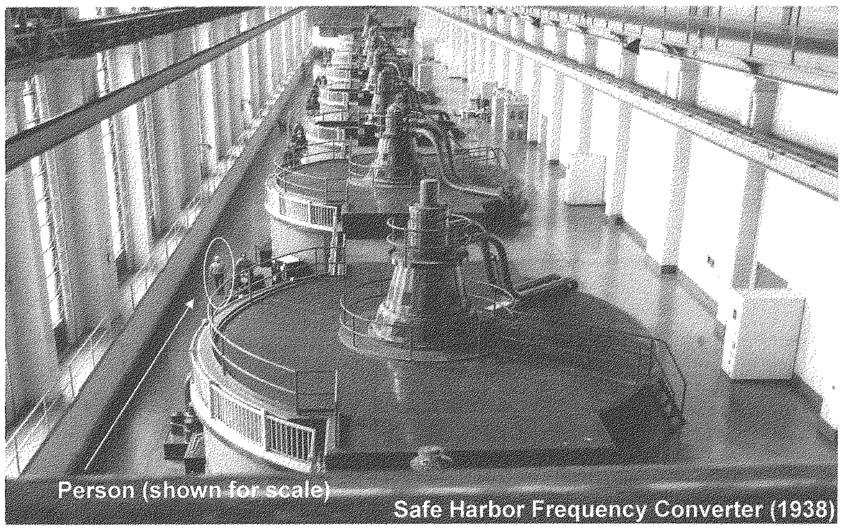
Repair facility projects

Wilmington Locomotive Facility

- Amtrak repair shops are in need of significant improvements and upgrades
- Significant improvements to Bear, Wilmington, Beech Grove and running repair facilities around the system would improve equipment maintenance processes and working conditions
- Bear dates from 1980; Beech Grove and Wilmington are over a century old

Cost for needed improvements to these facilities is roughly $13M

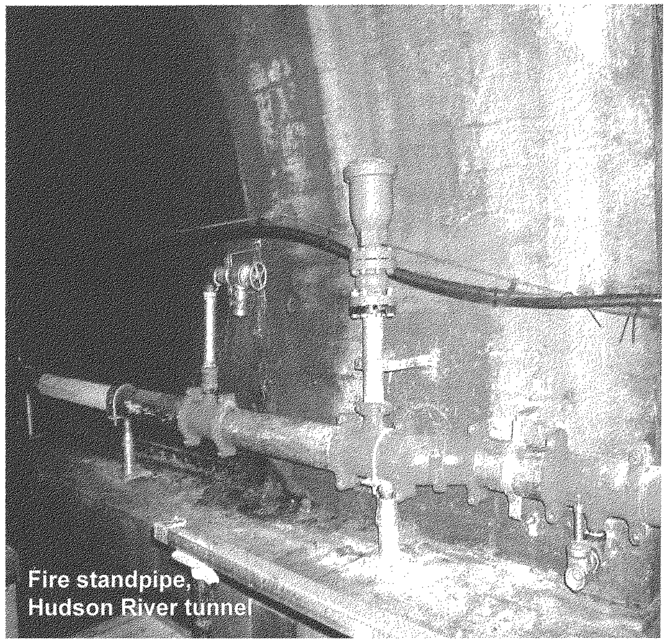
Electric traction system requires improvement



- System between New York and DC dates from the 1930s
- Has been upgraded incrementally
- Many older installations remain
- Power failures can bring an electrified railroad to a halt
- Upgrade of aging frequency converters at Metuchen, Safe Harbor, Sunnyside and Lamokin deferred for FY 09
- Ivy City and Southampto substations also require upgrades

Cost of these projects is about $11M – and they provide vital system resilience and redundancy

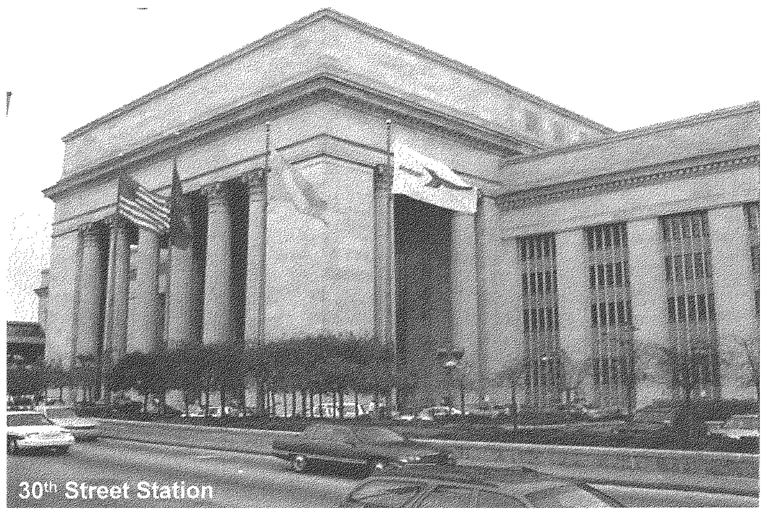
Fire & Life Safety Improvements


Fire standpipe, Hudson River tunnel

- Continue program of improvements to tunnels, firefighting, access and ventilation systems in New York City tunnels
- Also provide additional safety clothing for employees
- Improves structure safety, survivability, and response time

Total cost is $11M – resilience is, again, a major benefit

30th Street Station Façade repairs



- Built in early 1930s
- Registered National Historic Landmark
- Weather infiltration has caused deterioration of façade, attachments, and supporting brick walls
- Requires phased rehabilitation with total projected cost of $32M

Cost of Phase I would be $5M

Northeast Regional demand

- *Acela* average peak average load factor for July, 2008 was 67%
  - Average peak load factor exceeded 75% for 198 of 316 scheduled services*
  - Average peak load factor exceeded 85% for 156 of 316 scheduled services*
- July ridership depressed slightly by Thames River Bridge project
- This was a peak – we have seen some decline in demand in subsequent months, but our equipment needs are still serious
  - Need to plan for the longer term

Northbound Regional daily coach class average peak load factors, 4th week of July 08

Train	WAS Time	Sun PLF	Mon PLF	Tue PLF	Wed PLF	Thur PLF	Fri PLF
150	3:15 AM	56%					
190	3:15 AM		40%	34%	41%	59%	74%
110	4:00 AM		70%	54%	56%	50%	45%
170	5:02 AM			80%			
160	5:25 AM						
180	5:30 AM					71%	41%
162	6:20 AM						
130	6:35 AM						80%
172	7:25 AM		79%		84%		
54	7:30 AM						
56	8:10 AM			82%			
152	8:20 AM	60%					
84	8:35 AM		80%	69%		71%	
164	9:25 AM						
174	9:25 AM		77%	56%	76%	66%	
82	10:20 AM						
154	10:20 AM	50%					
184	10:25 AM		76%	63%	55%	69%	59%
86	11:02 AM		75%	44%	52%	70%	
88	11:25 AM						
176	12:05 PM		67%	69%	75%	79%	
140	12:25 PM						
186	1:05 PM			64%	73%	69%	
194	1:25 PM						
94	2:05 PM		76%	59%			75%
156	2:20 PM						
148	3:02 PM		71%		77%	74%	
134	3:25 PM						
168	3:25 PM						
178	4:05 PM		56%	72%			
146	4:25 PM						
166	4:25 PM						
136	5:05 PM						
196	5:05 PM		72%	80%			
192	5:20 PM						
80	5:32 PM						
138	6:10 PM			46%	66%		
158	6:20 PM						
188	7:10 PM		60%		65%	79%	
182	7:20 PM	47%					
198	8:30 PM		49%	47%	69%	73%	84%
66	10:00 PM		80%				
42			81%				
44							

Red square indicates departure with an average peak load factor above 85%

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*Includes southbound services not shown at right

Addressing capacity issues

- Easiest way to increase capacity on the NEC is to increase length of Regional trains
  - *Acela* consists are fixed; cannot easily add cars, and power configuration places an effective upper limit on train size
  - Existing Amfleet consists can be sized for demand, allow great flexibility
- Amtrak has a total of 81 Amfleet I and II cars in storage
  - Single-level coach and lounge cars built between 1975 and 1983
  - Require refurbishment before they are returned to service (new interiors, rebuilt HVAC, ADA-compliant restrooms, rebuilt brakes and wheel assemblies)
  - Return of 12 cars to service in FY 09 is currently budgeted at about $8.4M
  - For an additional $71M (total of ~$80M), all 81 cars could be returned to service
- Rolling stock represents a flexible reserve of capacity - on NEC and elsewhere

Amfleets have system-wide utility – can also be used on fast-growing corridors outside the Northeast

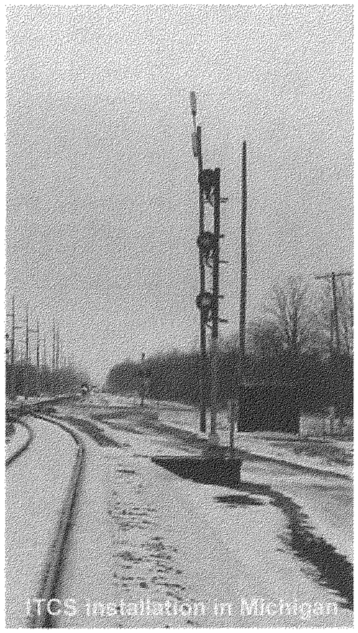
New equipment needs

- Current priority is on the replacement of equipment that is at or near the end of its useful life:
  - AEM-7 DC electric locomotives (~$8-9M apiece, 20 locos) - ***~$180M***
  - Heritage baggage cars and diners (~$3M apiece, 75 baggage cars, 25 diners) - ***~$300M***
    - Average age of Heritage equipment is 57 years
    - Oldest car dates from 1946
- Also need new equipment to deal with growing business
  - Single level sleepers ($3.5M apiece – 15 cars) - ***~$52.5M***

Total cost is around $540M

AMTRAK

Positive Train Control implementation



ITCS installation in Michigan

- Positive train control is mandated in H.R. 2095
- Amtrak has two systems in place – ACSES on NEC and ITCS in Michigan
- Our immediate capital needs request previously mentioned includes $1.2M for some PTC extension on both lines
- Full implementation (Amtrak-owned equipment and infrastructure only) will cost:
  - $100M (ACSES on NEC)
  - $20M (ITCS in Michigan)

AMTRAK

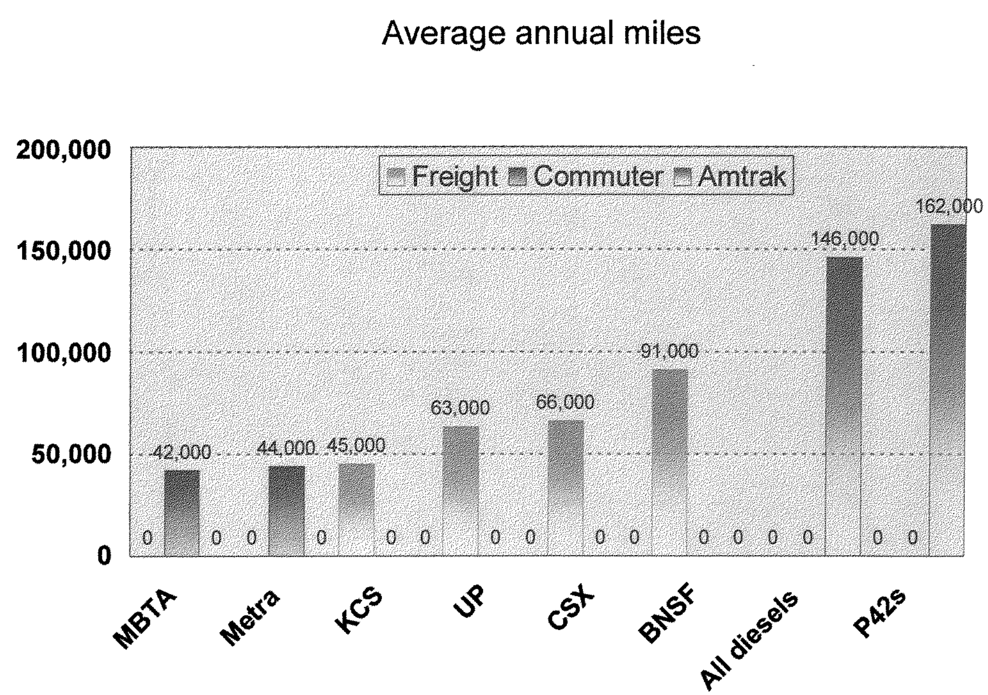
State corridor and rail infrastructure projects

- Amtrak could accelerate service on any one of several corridors to 110 mph for less than $1B
  - Would probably involve construction of a dedicated passenger track
  - Possibly also electrification
- Amtrak's ADA compliance needs are significant
  - Total need ranges from $250-500M (current rules) to $1.1-1.6B (proposed rules)
- Major engineering and capacity projects
  - Provide funding for Amtrak to invest in projects identified by DOT Performance Improvement Program
  - Norfolk Southern line in Michigan between Kalamazoo and Dearborn could be purchased and rehabilitated for about $300M
    - Future of this line is in doubt – operating agreement expires in 2010
    - Less than $1B could bring higher-speed service to Detroit and Southern Michigan
  - Key components of CREATE project in Chicago would benefit Amtrak
    - Englewood flyover (Amtrak contributes ~$250K per year – total cost ~$150M)
    - Grand Crossing and hybrid Central Corridor (Will cost ~$70M – a cost to be shared with the freights)

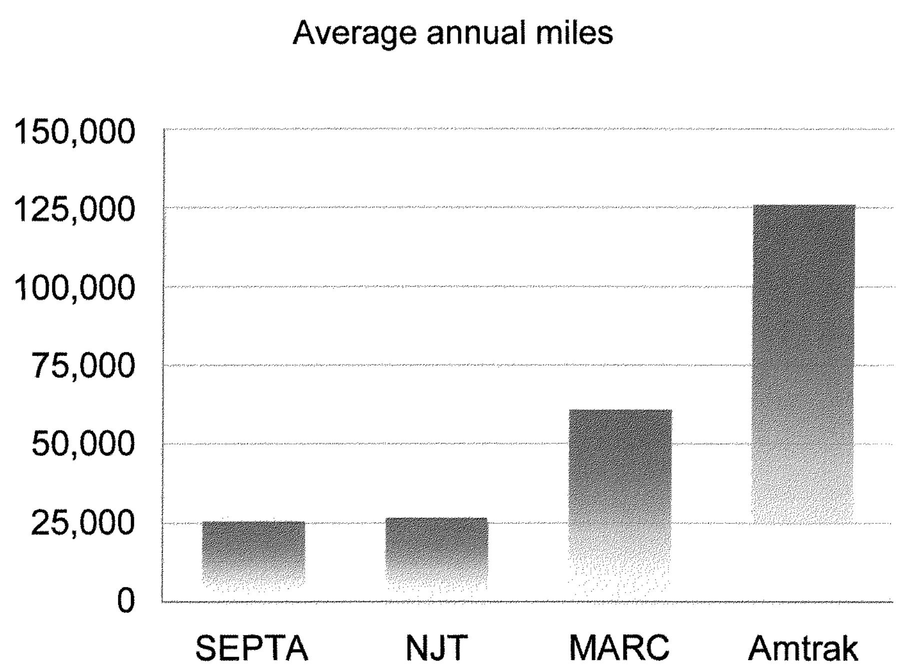
Backup slides

AMTRAK

Amtrak's Diesel Locomotive Utilization – Higher Than Freights & Commuters



Amtrak Electric Locomotive Utilization – Higher Than Other NEC Users



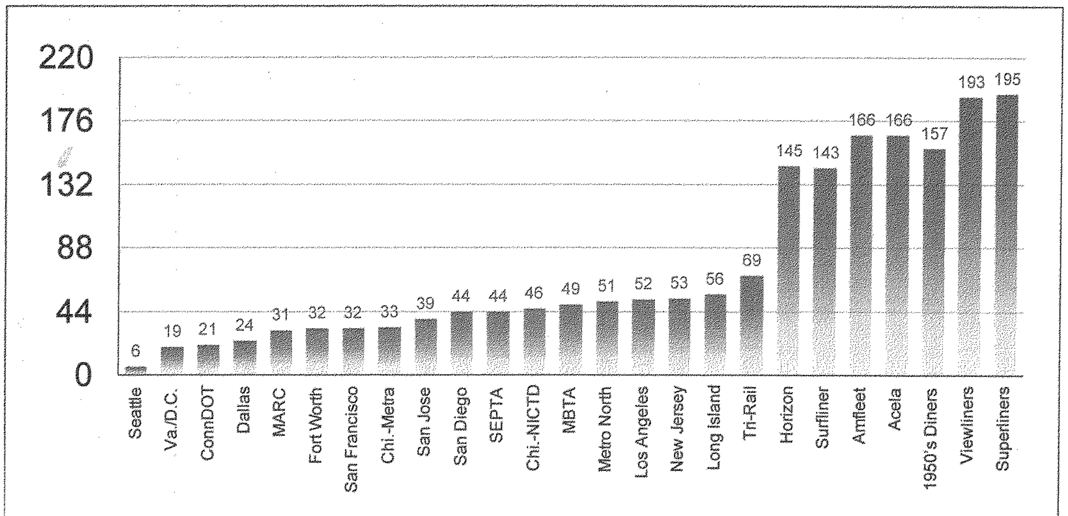
Amtrak's Average Annual Car Miles – Highest in US Passenger Rail

Commuters:

Maintained nights, weekends, off-peak

Amtrak:

Operate 24x7, turnaround in 4 to 6 hours



Testimony of

William R. DeCota

Director of Aviation

The Port Authority of New York and New Jersey

"Investing in Infrastructure: The Road to Recovery"

Submitted to

House Committee on Transportation and Infrastructure

October 29, 2008

William R. DeCota

Director of Aviation

The Port Authority of New York & New Jersey

225 Park Avenue South, 9th Floor

New York, NY 10003

(212) 435-3741

Statement of

William R. DeCota

Director of Aviation

Port Authority of New York and New Jersey

Before the

Committee on Transportation and Infrastructure

U.S. House of Representatives

October 29, 2008

Chairman Oberstar, Ranking Member Mica and members of the House Transportation and Infrastructure Committee, thank you for inviting me to participate in this hearing on "Investing in Infrastructure: The Road to Recovery." I am William DeCota, the Director of Aviation for the Port Authority of New York and New Jersey (PANYNJ). The Port Authority is a multi-modal transportation authority, which operates five airports serving the New York/New Jersey metropolitan area - John F. Kennedy International, Newark Liberty International, LaGuardia, Stewart International and Teterboro airports.

I can think of no clearer linkage between a transportation investment and the road to recovery than an investment in airport infrastructure. Fundamentally airports are just exchange points – just infrastructure that gets people and goods out of land vehicles and into air vehicles – but the economic impact that such infrastructure has is enormous. Certainly there is the economic impact of construction but there are also demonstrable and measurable economic benefits from the operation of the infrastructure itself and from the transit-oriented development that evolves on the periphery of the airport.

Just in the NY / NJ region alone, the industry anchored around JFK, Newark and LaGuardia Airports has been a significant driver of the metropolitan region's economy. In providing transportation services to more than 200 cities in 70 countries, through investment in infrastructure enhancements, and through visitor spending, the air passenger and cargo industry contributes to the well-being of the region's nearly 20 million people with nearly 500,000 jobs, over $20 billion in wages and about $60 billion in economic activity.

In recent years, the Port Authority and its airline business partners invested an average of $1.5 billion annually, which has been a major source of economic benefit to the region. Projects such as enhanced roadway access, airside expansion, runway rehabilitation and even security enhancements have provided easier access, improved passenger service and convenience, and enhanced capacity and provided investment spending benefits but also enormous operating and tourism impacts. These investments, which have also occurred at airports throughout the U.S. are critical to driving the economy yet even historically have paled by comparison to investments being made in other countries like the $8 billion new Terminal 5 at London Heathrow Airport, the "colossal scale" Terminal 3 at Beijing Capital Cities International Airport, the $4 billion Terminal 3 at Dubai International or the new Doha International Airport in Qatar that is expected to open in 2010.

Unfortunately, airport investment in the U.S. is diminishing even further. Financially, this has proved to be a challenging year for the aviation industry, which has faced struggling air carriers, higher fuel prices and weak economic indicators. The confluence of this and other factors has dramatically reduced capital capacity of both the airports in this country and the airline industry.

The first factor is the state of the airline industry's finances, the airport industry's key partner in making infrastructure investments. Earlier in the year, the increasing price of fuel, which now accounts for 45% of the airline industry's operating costs, added about $13 billion in additional annualized expenses. As the price of crude oil skyrocketed to almost $150 per barrel in July, airlines responded to the enormous increase in the price they paid for fuel – and to slowing worldwide economic conditions -- by cutting capacity, deferring airport investments, reducing fleets and adding fare and fee increases. At the same time, airports received letters from airlines asking us to work with the air carriers to further reduce costs and eliminate capital projects. At Stewart Airport, to provide financial relief to carriers, we have gone so far as to waive all fees paid by airlines for six months.

Airports rely on airline investment to supplement public resources as we have developed and now seek to redevelop the airports that we operate. Some of the world's most iconic airport passenger terminals such as the one designed by Eero Saarinen for TWA at JFK, would not have been built without the use of airline investment. Without some direct airline investments, airports will not be able to embark upon some of the most critical airport projects.

Commercial service airports also rely on revenue generated from airlines, other airport tenants and passengers and cargo to meet their operational and infrastructure requirements. So, decreasing numbers of flights and passengers translate into fewer dollars for airports to use to invest in infrastructure projects that help stimulate the economy by creating jobs.

Unfortunately the uncertainly of the global financial crisis has also had an impact on the airport industry's ability to raise capital to fund airport projects. Credit rating agencies have noted that airport credit quality is stable but "flying into an uncertain future" because of instability among airlines and a weak economy. At the same time, the demand for airport bonds, which airports use to finance capital development projects, has fallen off forcing airports to either defer projects or find other sources of financing at higher rates.

Also, as I will discuss further, while construction costs have continued to soar – in many places double digits annually like in the New York/New Jersey region, the purchasing power of Airport Improvement Program (AIP) and Passenger Facility Charge (PFC), which has not increased since 2000, have declined. The net result is that the combination of the struggling economy, the scaling back or elimination of commercial air service to airports around the country and tightening credit markets has resulted in a dramatic reduction in capital investment at airports.

I also need to mention another potential challenge to airport investment in the New York/New Jersey metropolitan area, as well as potentially at 25 smaller cities that serve the region. At issue is the Administration's highly disruptive proposal to auction off airport slots at airports controlled by the Port Authority. Not only does the auction policy fail to achieve its primary objectives of reducing congestion and delays, it threatens investments in terminals already made by carriers that would lose slots through this auction process and also threatens investment here in our region and in other places where flying would become more expensive, or where service would be cut or eliminated to small cities that now have access to New York City.

It is not fully clear how badly such auctions will disrupt air service and investment. The auction schemes will strongly favor those larger airlines with the most cash on hand to buy slots at a price above those with less cash on hand. The "value" of a slot could be driven by the benefits a large carrier would reap from eliminating competitors rather than from the operation of the slot itself. The result could be that airfares will increase significantly. We are also concerned that the number of destinations, particularly small communities, served from our airports will be impacted. Our analysis has shown that this service was particularly vulnerable to market-based solutions.

US Airways said such auction rules may result in an impairment charge and an increase in its net operating loss carry forward as the number of flights it can offer will be reduced over five years. Jet Blue, as another example, also sent a letter to Secretary of Transportation Mary Peters saying the plan would result in an "immediate loss of jobs and economic activity in NY City and throughout the state" of New York. Mr. Chairman, I would like to thank you and Chairman Patty Murray of the Senate Appropriations Subcommittee for asking for further review of the legality of the administration's plan.

The economic stimulus package is the last opportunity that the Congress has to prevent the administration from proceeding with its ill-advised plan to impose federal slot auctions at the New York/New Jersey airports. The Government Accountability Office (GAO) has already rendered its opinion that the administration does not have the authority to proceed with slot auctions. In spite of nearly unanimous stakeholder opposition, and the opinion of the GAO, the administration is completely unwilling to alter its disastrous course. We are thankful to Chairman Oberstar and other members of the committee for their previous expressions of support and we hope the economic stimulus legislation will provide the legislative vehicle to prevent a slot auction, which is planned for the last week of this Administration. Withdrawal of the final slot rules is one way to help meet the infrastructure investment goals of this hearing.

More specifically to that goal, Mr. Chairman, I also want to thank you and your colleagues in the U.S. House of Representatives for including $600 million for the AIP in H.R. 7110, the economic stimulus package that the House passed in September. It is my understanding that the FAA could use that funding for safety and security projects such as runway improvements, runway lighting, signage improvements, security enhancements, amongst other very necessary projects.

Airports are grateful for your help in securing funds for airport construction projects. They realize that additional AIP funding would make their facilities safer, more secure and efficient while stimulating the economy. As Congress prepares to consider another economic stimulus package I would like to discuss AIP funding and other proposals that could simultaneously help airports and create much-needed jobs.

Increase Funding for Airport Improvement Program: On behalf of my colleagues at airports around the country, I would like to encourage you to include at least $600 million in the next economic stimulus package and consider increasing that amount to $1 billion. The higher funding level would help stimulate the economy by creating approximately 35,000 high-paying jobs. It would also expedite the construction of critical safety, security and capacity projects at airports around the country. But investing in airport infrastructure projects creates more than just jobs at the airport – it creates jobs in the local communities where the airports are located. Airports serve as a key component of our civil aviation system, which, account for almost $1.4 trillion in national output according to the Campbell-Hill Aviation Group.

Despite recent cuts in air service, airports must continue to invest in safety and security projects and they must be prepared to meet passenger demands in the longer term. The FAA recently released its National Plan of Integrated Airport System (NPIAS) for 2009-2013. The report indicates that there will be $49.7 billion of AIP-eligible projects during the next five years – an increase of 21% from the previous NPIAS that the FAA issued two years ago. (It is important to point out that this projection does not include non-AIP eligible projects such as parking garages or rental car facilities.)

As airport infrastructure needs continue to increase, the purchasing power of AIP dollars and PFCs have declined due to rapidly increasing construction costs. According to the January 1, 2008 Means Construction Cost Indexes, the average construction costs for 30 major U.S. cities have increased almost 29% from 2004 to 2008 at an average rate of 5.7%. At the Port Authority, we have seen our construction costs increase by even more.

As members of this Committee know, Vision 100 authorized $3.6 billion for AIP in FY06 and $3.7 billion in FY07. Last year, the House of Representatives passed H.R. 2881, the FAA Reauthorization Act of 2007. H.R. 2881 and the Senate version of the FAA reauthorization bill called for continuing that trend of incremental increases by approving $3.8 billion for AIP in FY08 and $3.9 billion in the following year.

Despite this Committee's support for increasing AIP funding by $100 million per year, Congress has appropriated slightly more than $3.5 billion for AIP during the past three fiscal years and is expected to do so again for FY09. This means that airports will receive almost $1 billion less in AIP funds from FY06 through FY09 than this Committee approved. Providing airports with an additional $1 billion for AIP projects in the next economic stimulus package would offset that shortfall and help stimulate the economy by creating jobs.

Eliminate AMT Penalty on Airport Private Activity Bonds: In addition to AIP grants, and PFCs, which I will discuss separately, airports rely on a number of different sources of revenue to pay for capital development projects at their facilities. By far the largest source of funds for airports comes from the sale of airport revenue bonds. In 2007, airports used more than $5 billion in new money bonds to finance capital development projects. However, the sub-prime mortgage mess and resultant credit crisis have recently caused serious problems for airports. Currently, airports are experiencing unprecedented increases in their outstanding variable rate debt that they have not seen in the last 20 years.

Unfortunately, federal tax law unfairly classifies a vast majority of airport bonds as private activity bonds, which are typically used to finance various types of facilities owned or used by private entities. Private activity bonds are considered those, which are used to build infrastructure under a private business use test. Interest payments on airport private activity bonds are subject to the Alternative Minimum Tax (AMT) even though airports use the bonds to finance runways, taxiways and other critical facilities that benefit the public.

Since private activity bonds are subject to the AMT, airport bond issuers are charged higher interest rates on their borrowing. Subjecting airport private activity bonds to AMT usually adds an interest rate premium of 10 to 30 basis points (0.10% to 0.30%) on long-term borrowing. However, the demand for AMT bonds has decreased so dramatically that airports are currently being penalized 150 basis points (1.5%) or more when the bonds can be sold. This adds millions of dollars to the cost of airport projects and diverts money away other infrastructure projects that could help create jobs.

It is my understanding that recently the market has become very difficult for airports seeking bond financing especially for bonds subject to the AMT. With the credit market drying up, airports are being forced to postpone projects. For instance, the Metropolitan Washington Airports Authority (MWAA) recently deferred $250 million in private activtity bonds, not because the underlying strength of the Washington region's airport demand, but because of the collapse of the bond market.

MWAA usually issues approximately $500 million in private activity bonds per year. If the AMT penalty is eliminated, the Airports Authority could save approximately $125 million over the 30-year life of the bonds issued in any single year. That's money that

MWAA could use instead to lower its operating costs or invest in other infrastructure projects, which would help create jobs and stimulate the economy.

Airports have been urging Congress to reclassify airport private activity bonds as public purpose and allow airports to advance refund all of their bonds without limitation. However, for the purposes of the stimulus package, airports are focusing only on the narrow proposal to eliminate the AMT penalty on private activity bonds – not the overall proposal that would allow airports to advance refund their private activity bonds at a cost to the U.S. Treasury. Congress approved a similar narrow AMT fix for housing bonds earlier this when it passed H.R. 3221, the Housing and Economic Recover Act of 2008. The President signed the bill into law on July 30, 2008.

Eliminating the AMT on airport private activity bonds could help airports around the country save valuable resources that airports could use for other job-creating purposes. For instance, the San Francisco International Airport is currently renovating Terminal 2 – a $383 million renovation project that is scheduled for completion in late 2010. Terminal 2 and other capital projects are initially being funded with the airport's $200 million Commercial Paper (CP) program. The airport plans to replace the CP starting in early 2009 with long term AMT debt.

If the AMT penalty is eliminated, the airport could save more than $54 million over the 30-year life of the bonds. Furthermore, the airport could save almost $87 million in debt service costs on $685 million in new debt issues for projects in its five-year capital plan if it could sell all of its bonds – including those for the Terminal 2 renovation project – without the AMT penalty. These savings would expand the financial capacity of the airport and would be available for other important priorities that could help create jobs.

Eliminating the AMT on airport bonds would create a larger market for airport bonds, which will translate into greater capacity to fund important safety, and security projects that will help create new jobs. It is essential to recognize the public good provided by an efficient air transportation system, and bonds issued in furtherance of this goal should be treated accordingly. There is no reason why these projects, most of which are eligible for some form of public financing (either AIP, PFCs or both) should not be recognized as public projects making the bonds eligible for fully tax-exempt status.

It is important to note that airports are not asking for something Congress has not done before. In fact, earlier this year the housing industry was granted similar relief from the AMT in the Housing and Economic Recovery Act of 2008 (H.R. 3221). Effective August 2008, housing bonds are now considered a special class of non-AMT bonds, where the interest is not subject to the AMT. Airports require similar relief.

Give Airports Greater Flexibility to Use PFC Revenue and AIP Entitlements for Debt Service: As a result of current market conditions airports are facing a significant spike in debt service costs and have limited refunding and restructuring opportunities. To help mitigate the increase in financing costs, airports also urge you to include provisions in the next economic stimulus package that would give airports greater flexibility on how they can use PFC revenue or AIP entitlements for debt service.

Currently, airports are allowed to use PFC revenue for debt service and other financing costs on PFC-eligible projects. As a result of a provision contained in Vision 100, airports may possibly use PFC revenue for debt service on non-eligible projects if the Department of Transportation determines it is "necessary due to the financial need of the airport." By contrast, airports are not allowed to use AIP funds for debt service or financing costs.

Airports are urging Congress to include a provision in the next economic stimulus package that would allow airports to temporarily use PFC revenue for debt service on all airport projects just like they can on PFC-funded projects. Some airports would also like the option of using their AIP entitlements for debt service costs on a temporary basis after they certify that their capital safety and security needs have been met.

Both of these temporary debt service proposals would help airports reduce their operating costs during these challenging financial times. In some instances these changes would also help to preserve jobs because some airports would be able to devote more airport revenue for traditional operating purposes rather than debt service costs. That, in turn, could prevent airports that are experiencing service cuts and corresponding revenue reductions from being forced to layoff airport employees.

Pass a Multi-Year FAA Reauthorization Bill: Mr. Chairman, while the focus of today's hearing is the economic stimulus package, it is also important to have this discussion against a backdrop of further FAA funding that is critical to our airports' ability to generate economic benefits. I would like to thank you and your colleagues on the Transportation and Infrastructure Committee for your leadership on H.R. 2881, the FAA Reauthorization Act of 2007. Airports are particularly grateful that the House-passed bill would raise the PFC cap to $7.00 and increase AIP funding by $100 million per year.

These two funding provisions would go a long way toward helping airports build the infrastructure they need to improve safety and security and increase capacity. Raising the PFC cap and increasing AIP funding in the next FAA reauthorization bill would also help create more construction jobs. Raising the PFC cap from $4.50 to $7.00 is expected to generate approximately $1.1 billion per year. So that provision alone would help create approximately 35,000 jobs per year.

In addition to the increased funding levels for airport infrastructure projects, H.R. 2881 includes a number of key provisions that would help modernize our Air Traffic Control system and expedite the deployment of the Next Generation Air Transportation System (NextGen).

Modernize the Air Traffic Control System: There is no doubt that investments in the modernization of the air traffic control system also are critical to the U.S. economy. NextGen addresses the impact of air traffic growth by increasing the capacity of the national airspace system, and improving its efficiency while simultaneously improving safety, environmental impacts, and user access to the system. Unfortunately, with all the progress made in the world of technology, for instance, I am now able to house my entire collection of 12" vinyl gramophone 33 1/3 RPM long playing albums and my collection of 45 RPM records in my shirt pocket, and with the advances made in transportation, and especially in the aviation industry, it's incomprehensible that we still rely upon air traffic control technology developed in the immediate aftermath of World War II. We're using equipment developed when Harry Truman and Dwight Eisenhower occupied the White House, to move modern aircraft featuring the latest in high technology through increasingly congested skies. It's like trying to use a buggy whip to get your hybrid car moving: It just doesn't work.

But somehow, we've come to accept our arcane, archaic air traffic control system as the norm, begrudgingly perhaps, and certainly with great reluctance, but accepting all the same. Let's give credit where it is due, we have made some progress. But we've made it only in tiny increments, relative to the breadth, depth and scope of this enormous problem and the truth remains that through years of inaction, we've in effect accepted an unacceptable system for moving aircraft which often involves going from Point A to Point B via Points F, G, and V, simply because that's the way they did it in 1958.

By failing to make the necessary upgrades, we have surrendered to the problem when instead we should be confronting it, combating it as fiercely as ever because our lives and livelihoods depend on it. And as long as we continue to ignore the issue, or make minimal changes that fail to address the underlying and fundamental deterioration of this broken system, we'll continue to pay a steep price for our lack of foresight and our refusal to make sweeping changes.

Every flight that is delayed or canceled is multiplied exponentially for every passenger on an affected flight. Every business meeting missed, every family gathering undone, multiplies the impact of delays and cancellations by an even greater factor. You keep multiplying and multiplying until it's finally easier to calculate who isn't affected than who is. And the answer, quite, frankly, is no one. We've all, unfortunately, been there and done that.

In his book, "The Geography of Transport Systems," Hofstra University Associate Professor Dr. Jean-Paul Rodrigue notes that the inefficient pre-19th century transportation systems available then forced the overwhelming majority of trade to remain local in its scope. Obviously, in the two centuries since, the planet has evolved into a truly global marketplace. But have transportation systems kept pace? Have they too evolved to meet the needs of the world's business and leisure industries? Perhaps they have in some respects, but certainly not in all. Planes are bigger and faster than ever, sure, but in relation to those planes, the traffic control system that moves them has in fact devolved over the decades. What was modern, sleek and exciting 50 years ago is a dinosaur today. But, and nothing I say today is more important, so if I make only one point today, let this be it, we have the power to positively change the air traffic control system through available Next-Generation technology; we just need the will to do it.

In many ways, frankly, I am tired of discussing acronyms like RNAV RNP, G-BAS, ASDE-X; we need a concrete plan. We need a schedule, with deliverables. And we need to know who's responsible for the delivery, and we need a business plan that will tell us how we are going to pay for it.

Conclusion

Again, Chairman Oberstar, Ranking Member Mica and members of the House Transportation and Infrastructure Committee, thank you for inviting me to participate in today's hearing. Clearly this is a time that is testing the mettle of all Americans, including our country's airports. Many years ago, at a time when the U.S. economy faced even more dire economic challenges, many airports, like the original terminal at Newark Liberty International Airport came about because of sound federal infrastructure investment policies. Newark, an airport serving 35 million passengers, was built in 1934 under the auspices of the federal Civil Works Administration. And that first terminal is still in existence today, serving as the airport administration building.

It has been more than a year since Vision 100, the last FAA reauthorization bill that Congress approved, expired. Since Congress has been unable to send a multi-year bill to the President's desk, lawmakers have approved a series of short-term extensions instead. Airports appreciate the successful efforts to extend FAA programs and prevent lapses in aviation excise taxes. However, short-term extensions and uncertain funding levels can be very disruptive to airports as they try to plan their construction projects. Moreover, every month that goes by without a $7.00 PFC cap costs airports approximately $100 million, which means that there is $100 million not being spent on new job creation.

The House of Representatives should be commended for passing H.R. 2881, the FAA Reauthorization Act of 2007. Unfortunately, the FAA reauthorization bill has been stalled on the other side of the Capitol for a variety of reasons. Airports around the country hope that with your help Congress will pass a multi-year FAA reauthorization bill early next year that raises the PFC cap to $7.00, increases AIP funding by $100 million per year and helps expedite the deployment of NextGen.

I can assure you that with your support, we will maintain our commitment to our travelers and the communities we serve to provide the infrastructure to maintain regional economic prosperity and meet current and future demand that will keep us on the road to recovery.

Response to Question from Congressman Costello

Q. "I have heard from many airports that they are having problems selling bonds, which has slowed or halted many airport projects. To that point, I understand the Conference of Mayors has proposed providing a funding backstop to the state and municipal government debt market similar to what is being done for the commercial paper market. Do you believe something like that would be beneficial to airports so they can move forward on capacity and other projects?"

A. The Conference of Mayors points out that "cities across the country are especially having difficulty selling debt and accessing short-term credit." The Conference of Mayors is also concerned "about recent comments by the Federal Reserve that the newly created Commercial Paper Funding Facility (CPFF) would not assist the tax-exempt short-term market."

The Conference of Mayors proposal to provide a funding backstop to the state and municipal government debt market could help to shore up the commercial paper market and potentially assist some airports that use commercial paper for short-term financing. However, the Conference of Mayors proposal would not address the much larger problem that airports are facing in their efforts to secure long-term financing.

Airports around thde country are finding it exceptionally difficult if not impossible to sell long-term private activity bonds to finance critical infrastructure projects. Since private activity bonds are subject to the Alternative Minimum Tax (AMT) airport bond issuers are charged higher interest rates on their borrowing. Subjecting airport private activity bonds to AMT usually adds an interest rate premium of 10 to 30 basis points (0.10% to 0.30%) on long-term borrowing.

However, the demand for AMT bonds has decreased so dramatically recently that airports are currently being penalized 150 basis points (1.5%) or more when the bonds can be sold. Very few AMT bonds have been sold in the recent weeks, and airports are being forced to either postpone projects or find other sources of financing even if doing so increases the overall cost of the project.

The airport community is recommending that Congress exempt airport private activity bonds from the AMT. Eliminating the AMT on private activity bonds could help airports around the country move forward in the near term with terminals and certain runway and airfield projects. It is germane to the stimulus bill as airports use private activity bonds to finance the construction of critical infrastructure facilities that benefit the public and are huge job generators.

Written Testimony
by

Terry Dillon
President,
National Utility Contractors Association
&
Owner, Atlas Excavating Inc.
(West Lafayette, Indiana)

before the

House Committee on Transportation and Infrastructure

addressing

"Investing in Infrastructure: The Road to Recovery"

October 29, 2008

Chairman Oberstar, Ranking Member Mica, and Honorable Members of the Committee, my name is Terry Dillon. I am the owner of Atlas Excavating Inc. in West Lafayette, Indiana. We have 150 employees who work on sewer and water construction and highway and road reconstruction projects throughout the state. I appreciate the opportunity to participate in this hearing on behalf of the National Utility Contractors Association (NUCA), which supports the inclusion of water infrastructure investment as part of congressional efforts to advance economic recovery legislation.

NUCA is a family of nearly 1,700 companies from across the nation that build, repair and maintain underground water, wastewater, gas, electric and telecommunications systems. NUCA also serves as chair of the Clean Water Council (CWC), a coalition of 34 national organizations representing underground construction contractors, design professionals, manufacturers and suppliers, labor representatives and others committed to ensuring a high quality of life through sound environmental infrastructure. These industries work collectively to improve critical underground systems that unquestionably enhance America's quality of life. For your reference, a list of CWC members is attached to this testimony.

NUCA and the CWC commend and support your past efforts to make infrastructure part of economic stimulus legislation, and we encourage you to include $10 billion toward water and wastewater infrastructure projects as part of the committee's economic recovery proposal.

Market in Turmoil

The water infrastructure market has gone from bad to worse in recent years. In addition to the ongoing cuts in federal funding to refurbish these systems, state budgets have been hit hard because of the downturn in the housing market, which in turn has lowered revenues from property taxes. Today's financial crisis has hampered states' ability to borrow in the short term, which has delayed or eliminated scores of underground infrastructure improvement projects. The current turmoil in the municipal bond market only exacerbates the situation. Insurers of municipal bonds, many of whom have lost their top-tier credit rating because of the sub-prime mortgage crisis, are being avoided by local governments who traditionally have depended on these bonds. Because of all of these factors, it's safe to say that billions of dollars of new infrastructure projects have been delayed or terminated because of America's current financial woes.

To make matters worse, the rising cost of construction materials and labor has reduced the purchasing power of public works dollars. Fewer contracts are going out to bid, which only increases the number of bids competing for limited projects. The inevitable result is less work on this deteriorating infrastructure and fewer jobs for those who do this critical work.

Consider the following example in Minnesota: just recently, a publicly-financed project drew over 50 contractors to bid on a project that was worth approximately $150,000. In the end it went for approximately $80,000 - not even enough to cover employment costs. The bottom line is that right now contractors are virtually bidding on any job at any amount to stay alive.

Economic Benefits of Infrastructure Investment

Underground water and wastewater projects are generally recognized for their effectiveness in enhancing public health and environmental protection. Often overlooked, however, are the *economic* benefits that result from this work. It is not an exaggeration to say that clean water projects go hand-in-hand with a healthy economy in that they create jobs, expand local tax bases and improve our overall quality of life.

Let's look at some numbers. Depending on which estimate you read, 40,000 – 47,000 jobs are created with every $1 billion invested in funding for this infrastructure. These are quality, high-paying jobs in both the short and long term. Importantly, the job creation and increased economic activity that comes with it enhances local economies and provides disadvantaged communities with opportunities to revitalize and empower themselves.

It is important to highlight three important types of economic impacts that are associated with water and wastewater infrastructure projects. There are:

- direct impacts through job creation and the purchase of materials and supplies related to the operation of the project;

- indirect impacts through jobs and the purchase of materials and supplies by vendors indirectly related to the operation of the project; and

- induced impacts, which are supported by the spending and re-spending of the income earned by workers. (Induced economic impact is often referred to as the "multiplier effect.")

Another essential point is that the jobs offered in this industry are jobs that are provided right here in America. These are not jobs that can be shipped overseas.

One need look no further than the stakeholders represented in the Clean Water Council to see the direct and indirect jobs that are created with SRF funding. Contractors and subcontractors, engineers, suppliers and manufacturers, as well as countless construction laborers, all benefit from work that impacts virtually all sectors of our society.

And, the economic benefits resulting from these projects don't stop with the construction industry. Clean water enhances individual productivity through reduced sickness and missed work opportunities, as well as increases community productivity through the influx of new residents and businesses resulting from revitalized neighborhoods. In times of economic difficulty, the funding of construction projects is therefore an effective way to stimulate growth and development far beyond the construction industry as the economic benefits ripple through local economies.

Scores of Projects Ready to Go

Whenever legislation intended to stimulate the economy is debated, it is regularly said that the infrastructure projects included must be targeted, timely and temporary. Although the average infrastructure project takes years to complete in terms of planning, design, environmental review and construction, there exist right now scores of water infrastructure projects that are "ready to go." As recent data shows, investment in these projects would generate hundreds of thousands of well-paying construction jobs across the country in a matter of months.

Again, let's look at the numbers. The National Association of Clean Water Agencies (NACWA), which represents the nation's publicly owned wastewater treatment agencies, recently surveyed its members to find out just how many projects are out there "ready-to-go," meaning construction could begin within 90 days. Responses from 22 states, Puerto Rico and the District of Columbia indicated that approximately $3 billion in wastewater infrastructure projects could move to construction within 90 days if the funding were available. In fact, many of these projects could go to construction phase in as little as 30 days. From a national perspective, NACWA contends, and NUCA agrees, that there are at least $10 billion in ready-to-go projects across the country.

Additionally, the Council of Infrastructure Financing Authorities (CIFA) and the Association of State and Interstate Water Pollution Control Administrators (ASIWPCA) recently compiled a list of wastewater infrastructure projects valued at $9.5 billion dollars that could most likely begin within a matter of months if funding were provided. This finding was based on a survey sent to state infrastructure financing programs across the country, with 25 states responding. Although it is not clear if planning, design and environmental review is complete for all of these projects in the CIFA/ASIWPCA survey, it is reasonable to predict that if states acted aggressively working with EPA, as well as the contractors performing the work, a significant number of these projects could move to construction phase within 120 days. This, coupled with the fact that $9.5 billion in projects was compiled with only half the states participating, also supports the request for a $10 billion water infrastructure provision in economic recovery legislation.

For a local perspective, let's look again at your state, Mr. Chairman. The Minnesota Utility Contractors Association indicates that the State of Minnesota has $406 million in Clean Water projects that have gone through the bidding process and, if funded, could move to construction within four months.

Clearly, investing in our underground infrastructure can provide a sharp economic kick start. We can put people to work right now and begin the road to recovery if Congress steps up to the plate.

A Balanced Approach to Economic Recovery

Many in Congress believe that simply cutting taxes and providing tax incentives is the way to go in terms of providing economic stimulus. In 2002, and again earlier this year, Congress passed and the president signed stimulus legislation that in part included tax incentives intended to spur equipment purchases by companies that could write off new equipment that was bought and put in service in a short amount of time. These provisions are sure to be debated again in economic recovery legislation.

In 2003, NUCA teamed up with its colleagues at the Associated Equipment Distributors (AED) to survey NUCA contractors to determine what impacts the depreciation tax bonus and small business expensing levels contained in the 2002 stimulus package had on the purchasing habits of utility contractors. NUCA and AED recently conducted a similar survey, but with very different results. The 2008 survey report, titled "*Economic Stimulus Act Having Positive Effect, but Additional Stimulus Needed,*" (July 30, 2008) is attached to this testimony for your reference.

The biggest difference between the 2003 and 2008 surveys was the dramatic drop in the number of respondents who said they were buying new equipment to take advantage of stimulus legislation. In 2008, 34 percent of the respondents indicated they were buying new equipment because of the capital investment provisions this year—that's half the number of respondents in the 2003 survey.

This year's survey also included numbers that supported infrastructure investment as an economic stimulus. More than 70 percent of respondents indicated that they would be more likely to hire additional employees, add positions and buy new equipment this year if Congress enacted legislation that would increase federal investment in water infrastructure.

Perhaps the most powerful argument in the study report for such investment is found in the comments provided to the following question: "If you haven't bought equipment to take advantage of the capital investment incentives in the Economic Stimulus Act, why not?" The vast majority of the responses made reference to the fact that there simply was not enough work available to justify new equipment purchases, regardless of any tax incentives.

The message here is simple, and it's one that NUCA has advocated for years. Tax incentives only work when there's enough work out there to provide an incentive to buy. A truly effective stimulus proposal would therefore couple significant investment in America's suffering underground infrastructure market with tax incentives to encourage equipment purchases needed to do the work.

New Economic Impact Study Underway

Because the data currently used to *quantify* the economic impacts of investment in our underground environmental infrastructure is seriously outdated, the Clean Water Council is currently conducting a new study that will be used to educate the general public, media, industry and policymakers for many years to come.

Specifically, it will provide fresh answers to a number of important questions: How many jobs are created by a typical water or sewer construction project? What are these jobs? How much do they pay? How much additional income accrues because vendors and suppliers experience greater demand for their services? To what extent do benefits—such as jobs, personal income, capital expenditures—impact local economies?

Taking a case study approach, final report will contain detailed data from recently completed water and wastewater construction projects from diverse communities across the country. Projects of varying sizes in urban, suburban and rural areas will be evaluated, and the type of construction (new vs. replacement, open cut vs. trenchless, pipeline vs. treatment plant), as well as factors that affect labor and supply costs, will be considered. The report will also provide a detailed analysis of the economic impact of each job, with particular attention paid to the local economic impacts.

NUCA will provide the Chairman and the Committee with copies of the final study report as soon as it is released, and be available to answer any questions that you might have.

Nationwide Needs Support the Funding

NUCA is often asked to testify before this committee and others on the overwhelming needs facing America's water/wastewater infrastructure. While that is not the focus of this hearing, it is important to remember that there are other reasons besides the current *economic* crisis why increased funding is absolutely critical; the avoidance of an *environmental* crisis is at the top of that list.

The EPA's own needs estimates are nothing short of staggering. The agency's 2002 *Clean Water and Drinking Water Infrastructure Gap Analysis* forecasted a $534 billion gap between current investment and projected needs over 20 years for water and wastewater infrastructure if federal funding was not increased. Two years later, the EPA's 2004 *Clean Watersheds Needs Survey* documented existing nationwide wastewater infrastructure needs at $202.5 billion. Considering the fact that annual funding for this infrastructure has been virtually cut in half, not increased, it's clear that much needs to be done to even begin to address this dilemma.

Additionally, the American Society of Civil Engineers (ASCE), an active member of the CWC, evaluates the nation's infrastructure and reports on the status of it every few years. For the past several years, America's wastewater infrastructure has been graded a "D minus" in the ASCE's *Report Card for America's Infrastructure.* Clearly, there is a consensus among both government and industry professionals that the state of this infrastructure is quickly going from bad to worse.

The long road to refurbish this long neglected infrastructure will entail construction projects to repair and rebuild it. What better way to start than to provide significant and immediate resources to kick-start this economy by putting people to work in the short term to take the needed first steps that will lead to a long-term solution?

CONCLUSION

On September 26, the House passed the Job Creation and Unemployment Act of 2008 (HR 7110), which included billions of dollars for a wide range of water infrastructure projects. Specifically, this included: $6.5 billion for the Clean Water SRF; $1 billion for the Drinking Water SRF; and $300 million for water, wastewater, and reclamation projects. Unfortunately, the Senate was unable to pass similar legislation.

While NUCA supported the House bill, we believe that given the number of ready-to-go projects, and the demonstrated economic benefits to local communities of increased investment, higher funding levels are justified. NUCA, the Clean Water Council and several other interested organizations all agree that providing $10 billion for America's underground environmental infrastructure would serve two very important purposes—the revitalization of local communities through job creation, increased economic activity and expanded local tax bases and the prevention of future catastrophic infrastructure failure.

Thank you, Mr. Chairman, for the opportunity to testify before the committee. I look forward to answering any questions you might have.

Clean Water Council

American Concrete Pavement Association

American Concrete Pipe Association

American Concrete Pressure Pipe Association

American Council of Engineering Companies

American Rental Association

American Road and Transportation Builders Association

American Society of Civil Engineers

American Subcontractors Association

American Supply Association

Associated Equipment Distributors

Associated General Contractors of America

Association of Equipment Manufacturers

Construction Management Association of America

Ductile Iron Pipe Research Association

Interlocking Concrete Pavement Institute

International Union of Operating Engineers

Laborers-Employers Cooperation and Education Trust

Laborers' International Union of North America

Mason Contractors Association of America

National Association of Industrial Office Properties

National Association of Sewer Service Companies

National Association of Women in Construction

National Precast Concrete Association

National Ready Mixed Concrete Association

National Society of Professional Engineers

National Stone, Sand and Gravel Association

National Utility Contractors Association

Plastics Pipe Institute

Portland Cement Association

Plumbing-Heating-Cooling Contractors Association

The Vinyl Institute

Uni-Bell PVC Pipe Association

Water and Sewer Distributors of America

Water and Wastewater Equipment Manufacturers Association

Economic Stimulus Act Having Positive Effect, But Additional Stimulus Needed

A Study of the Impact of Capital Investment Incentives and Infrastructure Spending on Utility Contractors

July 30, 2008

Associated Equipment Distributors Washington Office
121 North Henry Street Alexandria, VA 22314
Telephone 703.739.9513 Facsimile 703.739.9488
Electronic Mail aeddc@aednet.org

Economic Stimulus Act Having Positive Effect, But Additional Stimulus Needed: A Study of the Impact of Capital Investment Incentives and Infrastructure Spending on Utility Contractors

By Christian A. Klein[1]

I. Executive Summary

In July 2008, the National Utility Contractors Association[2] (NUCA) and Associated Equipment Distributors[3] (AED) collaborated to conduct a survey of utility contractors that examined economic stimulus issues. The survey sought to determine:

- What impact the capital investment incentives (50 percent depreciation bonus and increased Section 179 expensing levels), enacted as part of the Economic Stimulus Act (ESA) of 2008,[4] have had on utility contractor equipment purchasing in the first half of the year;

- What impact the ESA capital investment incentives were likely to have on equipment purchasing in the second half of 2008;

- What impact additional economic stimulus - specifically, extending the ESA's capital investment incentives and enacting water infrastructure legislation - would have on contractor equipment purchasing and hiring in the last half of 2008;

- What impact the downturn in the housing market has had on utility contractors; and

- The flow-down impact of government water infrastructure investment on the equipment distribution companies from which utility contractors buy, rent, and lease construction equipment.

Generally, the survey determined that the ESA's capital investment incentives have had a positive impact on utility contractor equipment purchasing. However, overall economic uncertainty and the housing market downturn (and a related slowdown in construction activity) are causing the majority of contractors to forego new purchases. The survey results also strongly suggest that enacting legislation to increase investment in water infrastructure would have an immediate and positive impact on contractor equipment purchasing and hiring decisions. Further, extending the ESA's capital investment incentives for an additional year would encourage contractor capital investment in 2009, particularly if the economy is showing signs of

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1 The author is a managing member of Obadal, Filler, MacLeod & Klein, PLC., an Alexandria, Virginia law firm that provides management, government affairs, and legal services to trade associations. In that capacity, Klein serves as vice president of government affairs and Washington Counsel for the Associated Equipment Distributors. He is also a member of the adjunct faculty at the University of Virginia.

2 NUCA is a national trade association of more than 1,700 underground utility construction contractors and industry suppliers throughout the United States. The association represents the underground contractors who provide the materials and workforce to build and maintain the nation's network of water, sewer, gas, telecommunications, and other utility systems. More information about NUCA is available at http://www.nuca.com.

3 AED is a national trade association of 1,200 independent distributors, manufacturers, and other organizations involved in the distribution of construction, mining, forestry, and agricultural equipment, and related products and services in North America and throughout the world. More information about AED is available at http://www.aednet.org.

4 Pub. L. No. 110-185 (2008).

improvement. Finally, the survey determined that water infrastructure construction activity has a major impact on equipment distributors who do business with utility contractors.

The AED-NUCA survey's major findings were as follows:

- **The ESA's capital investment incentives have had a positive impact on utility contractor equipment purchasing.** Approximately one-third of the survey respondents said that they had purchased equipment in the first half of 2008 to take advantage of the depreciation bonus (35 percent) and/or the increased Section 179 expensing levels (32 percent). The reason cited most often by survey respondents for why their companies had not taken advantage of the ESA was that the economic slowdown had led to a considerable drop in utility construction work (and need for additional equipment) and that the ESA provides no buying incentive for companies that are not profitable.

- **The ESA will continue to have a positive impact on construction equipment purchasing activity through the end of 2008.** Approximately one-quarter of respondents said they planned to purchase equipment in the second half of 2008 to take advantage of the depreciation bonus (27 percent) and/or increased Section 179 expensing levels (26 percent).

- **Extending the depreciation bonus and increased Section 179 expensing levels through the end of 2009 would provide additional economic stimulus next year.** More than three-quarters of survey respondents said that if the ESA's capital investment incentives were extended they would be more likely to buy additional equipment in 2009. Seventy-six percent said they would be more likely to buy equipment next year if the depreciation bonus was extended and 77 percent said the same about the increased Section 179 expensing levels.

- **Utility contractors have been hit hard by the downturn in the housing market.** Ninety percent of survey respondents said that the downturn in the housing market has had an impact on their companies, with 64 percent saying that the impact of the downturn had been "major". As indicated above, the housing downturn is apparently a major reason that many utility contractors have not bought equipment this year.

- **Enacting legislation to increase federal investment in water infrastructure would (in addition to other economic, environmental, and public health benefits) have an immediate and positive impact on the economy and enhance the ESA's effectiveness.** Seventy-one percent of survey respondents said they would be more likely to hire additional employees and/or add positions <u>this year</u> if Congress enacted legislation increasing federal investment in water infrastructure. Seventy-two percent said increased water infrastructure funding would make them more likely to buy equipment and take advantage of the depreciation bonus and/or higher Section 179 expensing levels <u>this year</u>.

- **Water utility work is equipment-intensive and a significant portion of the average water project bid is attributable to equipment costs.** Survey respondents report that, on average, when preparing a bid on a water utility project, at least 12 percent of the bid is attributable to the purchase, rental, and leasing of construction equipment, and to the cost of dealer-performed equipment repairs. Federal water infrastructure investment therefore has important flow-down consequences for equipment companies doing business with utility contractors and equipment distributors have an important stake in the outcome of the political debate over water infrastructure funding.

II. Background

On Feb. 13, 2008 President Bush signed the ESA into law. It included two temporary incentives to encourage business capital investment in 2008.[5] Both were designed to help companies that buy equipment this year reduce their tax bills.

First, the ESA created a temporary depreciation bonus that allows companies that buy equipment to depreciate an additional 50 percent of the cost of eligible equipment placed in service this year. The ESA also significantly increased Section 179 expensing levels for 2008. Under prior law, the Section 179 small business expensing limit for tax years beginning in 2008 would have been $128,000 with a $510,000 phase-out threshold. However, the ESA temporarily increased the expensing limit to $250,000 and the phase-out threshold to $800,000. Thus, for tax years beginning in 2008, a business can expense up to $250,000 as long as its qualified equipment purchases do not exceed $800,000. For each dollar that total equipment purchases exceed $800,000, the amount that can be expensed decreases by one dollar, so that a company that makes $1,050,000 in total purchases will not be able to expense anything (but could still claim the depreciation bonus). For purposes of Section 179, qualifying property is generally depreciable tangible personal property that is purchased for use in the active conduct of a trade or business. Unlike the depreciation bonus, both new and used equipment is eligible for Section 179 expensing. Companies eligible to take advantage of Section 179 can combine it with the depreciation bonus for added tax savings.

As this report is being written, Congress is debating further economic stimulus, including a home purchase tax credit and water infrastructure legislation. The purpose of the AED-NUCA survey was therefore to provide lawmakers with insights about what legislative proposals are likely to have the most positive impact on the construction industry and economy as a whole.

III. Survey Methodology and Respondent Profile

The AED-NUCA survey of utility contractors was conducted online over a three week period (from July 7 through 24) using the SDI Weblink online survey tool. Requests for participation in the survey were emailed and faxed to NUCA members (both directly and through NUCA chapters), and were included in NUCA online publications. The survey system was configured to prevent multiple responses from a single individual. Additionally, in order to ensure that respondents were in fact utility contractors, they were asked to indicate the revenues their company derived from utility construction projects in 2007. Respondents who did not report revenues from utility construction projects had their survey answers deleted. Ultimately 78 utility contractors provided responses to the survey. Based upon NUCA's membership of approximately 1,350 utility contractors, the survey margin of error is less than 11 percent.

The respondents to the NUCA-AED survey were diverse both in terms of company size and geography.[6] A plurality (44 percent) reported that they had earned revenues of $10 million or more from utility construction projects in 2007. Twenty-four percent reported revenues between $5 million and $10 million, 14 percent reported revenues between $2 million and $5 million, and 18 percent reported revenues of $2 million or less. Contractors from all regions of the country responded to the survey; however, the Southeast was

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5 More information about the ESA's capital investment incentives is available at http://www.depreciationbonus.org.

6 See responses to survey questions one and two in Appendix A.

slightly over-represented (45 percent of respondents), while the South Central and Rocky Mountain regions were under-represented (three percent and one percent of respondents respectively).

The survey has been designed and executed with antitrust best practices and relevant legal precedent in mind.[7] The survey was voluntary and was conducted for pro-competitive purposes (i.e., to provide data to lawmakers about the impact of economic stimulus legislation and water infrastructure funding on important segments of the economy). The survey focused primarily on historical data (questions about future behavior were speculative and focused on motivations, not specific intended behavior).[8] Additionally, the survey did not collect price information, it was anonymous, individual responses are being kept confidential, and the survey results will be widely distributed in the relevant industries, in the media, and on Capitol Hill.

IV. Major Survey Findings

A. Utility Contractors Have High Familiarity with the ESA's Capital Investment Incentives

The survey asked respondents whether they were familiar with the ESA capital investment incentives and how they had first learned about the new law.[9] The overwhelming majority (85 percent) knew about the law; a plurality (33 percent) had learned about it through general news coverage. NUCA-produced publications and other construction industry media were also important sources of information about the ESA for utility contractors.

B. ESA's Capital Investment Incentives Prompted One-Third of Survey Respondents to Buy Equipment in the First Half of 2008

The survey results suggest a clear connection between the ESA's capital investment incentives and contractor equipment purchasing. Thirty-five percent of the all the survey respondents said that they had bought new equipment this year to take advantage of the depreciation bonus and 32 percent said they had bought equipment to take advantage of the temporarily increased Section 179 expensing levels.[10]

Not surprising, contractors who were aware of the ESA's capital investment incentives were slightly more likely than the general population of survey respondents to have been prompted to buy equipment by the stimulus law. Thirty-nine percent of survey respondents who said they were aware of the ESA said they had purchased equipment to take advantage of the depreciation bonus; 38 percent of those aware of the ESA had bought equipment to take advantage of the increased Section 179 expensing levels.

C. ESA Will Continue to Motivate Equipment Buying Through the Second Half of 2008

Utility contractors plan to take advantage of the ESA's capital investment incentives in the second half of 2008, though in lower percentages than they have in the first half of the year.[11] Twenty-seven percent of all the survey respondents said that that they plan to buy equipment in the second half of 2008 to take advantage of the depreciation bonus and 26 percent said they are planning purchases to take advantage of the increased Section 179 expensing levels.

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7 *E.g.*, the line of cases emanating from *Maple Flooring Mfrs. Ass'n v. US*, 268 US 563 (1925).

8 *E.g.*, the survey inquired not whether respondents intended to buy equipment in the second half of the year, but rather whether they intended to do so to take advantage of the ESA's capital investment incentives.

9 See responses to survey questions three, four, and five in Appendix A.

10 See responses to survey questions six and seven in Appendix A.

11 See responses to survey questions eight and nine in Appendix A.

D. Insufficient Work, Declining Profits Cited as Top Reasons for Not Taking Advantage of ESA
The survey included an open-ended question that asked participants who had not taken advantage of the ESA to explain their decision.[12] Of the 44 who responded to the question, the overwhelming majority (33 out of 44) said their decision not to buy equipment was motivated by the lack of work and poor economic conditions. The following are representative of the comments received on this issue:[13]

- From a respondent in the Southeast reporting between $2 million and $5 million in 2007 revenues from utility projects: "The stimulus is nice if there is an actual upturn in sight. The construction market will be bleak for at least two years and you must have revenue to justify taking on greater debt regardless of increased expensing opportunities."

- From a respondent in the Upper Midwest reporting more than $10 million in 2007 revenues: "There is no advantage in getting a 'tax break' if the current economic and bidding conditions are such that you have no taxable income to be able to use the additional depreciation or Section 179 deduction."

- From a respondent on the West Coast reporting between $5 million and $10 million in 2007 revenues: "Backlog is weak. Struggling to make a profit. If no profit, what good are the incentives?"

- From a respondent on the West Coast reporting less than $2 million in 2007 revenues: "Revenue has been down 50 percent and no need for additional equipment."

- From a respondent in the Southeast reporting more than $10 million in 2007 revenues: "Due to the housing slump and the overall unstable economy, we do not have any backlog of work to warrant the purchase of new equipment."

- From a respondent in the Southeast reporting more than $10 million in 2007 revenues: "A stimulus that helps the purchase of equipment in a down market does nothing to help the down market as a whole. We need to stimulate the infrastructure economy and the government should be spending the money in infrastructure, not giving a tax deduction to the few companies that have work and already have all the equipment they need. They should focus on funding projects so the companies that don't have any work would have an incentive to buy equipment if they had projects to build in the first place. These types of incentives will not keep my company in business. Projects first, then incentives, not the other way around. In fact, if the economy is doing well, we don't need incentives."

- From a respondent in the Upper Midwest reporting more than $10 million in 2007 revenues: "There isn't enough work out there to pay for the new equipment! We will be lucky to be able to keep the equipment busy that we have."

- From a respondent in the Southeast reporting between $5 million and $10 million in 2007 revenues: "The economy is in terrible shape and there is not enough work available to support new equipment purchases."

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12 See responses to survey question 12 in Appendix A.

13 Comments have been edited for grammar, punctuation, and spelling.

- From a respondent from the Upper Midwest reporting between $5 million and $10 million in 2007 revenues: "It takes money to spend money. Our company is in no position to update our equipment fleet at this time. Our volume is down 30 percent, we have not brought back 12 employees for this construction season, and we have several pieces of equipment parked because of the lack of work available. We cannot justify the expenditure with the limited work we have."

- From a respondent from the Southeast reporting less than $2 million in 2007 revenues: "Work very slow. Worst in our 10 years of business. We'll be grateful if we are able to keep paying for what we have."

- From a respondent from the Upper Midwest reporting between $5 million and $10 million in 2007 revenues: "We still have approximately 25 percent of our existing equipment fleet sitting idle because of the lack of construction projects. It would make no sense to buy more equipment regardless of how great the incentives are if we are unable to put it to use."

- From a respondent on the West Coast reporting more than $10 million in 2007 revenues: "Business has fallen so far off that it doesn't make sense to spend any money at all. I am more worried about the survival of my business than the profitability after taxes."

E. Utility contractors have been hit hard by the downturn in the housing market
As suggested by the comments above, the downturn in the residential real estate market has had a dramatic impact on utility contractors. Ninety percent of survey respondents said that the downturn in the housing market had an impact on their companies, with 64 percent saying that the impact of the downturn had been "major".[14] These findings underscore the importance of the work that AED and NUCA have done to enact a home purchase tax credit to revitalize home purchasing and the need for the president to quickly sign the housing stimulus legislation recently approved by Congress.[15]

F. Extending the ESA Capital Investment Incentives Would Likely Boost Equipment Purchasing Next Year
While the majority of survey respondents have been reluctant to take advantage of the ESA capital investment incentives given current economic conditions, the survey results suggest that extending the depreciation bonus and increased Section 179 expensing levels for one year would have a positive impact on equipment purchasing in 2009. Seventy-six percentage of survey respondents said that they would be more likely to buy additional equipment next year if Congress were to extend the depreciation bonus through the end of 2009 and 77 percent said they would be more likely to buy additional equipment next year if the increased Section 179 expensing levels were extended for tax years beginning in 2009.[16]

G. Increased Federal Water Infrastructure Investment Would Provide Immediate Economic Stimulus
The survey results suggest that Congress could give the economy (and particularly the construction industry) an immediate shot in the arm and enhance the effectiveness of the ESA by increasing spending on water infrastructure. Seventy-two percent of survey respondents said they would be more likely to buy equipment and take advantage of the ESA <u>this year</u> if Congress enacted legislation increasing federal investment in water infrastructure. Seventy-one percent said they would be more likely to hire additional

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14 See response to survey question 16 in Appendix A.
15 The American Housing Rescue and Foreclosure Prevention Act, H.R. 3221, 110th Cong., 2nd Sess. (2008).
16 See responses to survey questions 10 and 11 in Appendix A.

employees or add positions at their companies this year if federal water infrastructure spending increased.[17]

H. Water Utility Work is Equipment-Intensive and a Sizeable Portion of the Average Water Project Bid is Attributable to Equipment Costs

Survey respondents reported that, on average, when preparing a bid on a water utility project, at least 12 percent of the bid is attributable to the purchase, rental, and leasing of construction equipment, and to the cost of dealer-performed equipment repairs.[18] Answers to this question ranged from a low of zero percent to a high of 60 percent, with a median response of 10 percent. Additionally, ten survey respondents answered the question with a decimal amount less than one percent that could have been intended to convey a much larger percentage (e.g., ".15" may have been intended as "15 percent"). Thus, the 12 percent national average may actually be a low estimate of the percentage of a water infrastructure bid attributable to equipment costs. These findings show that water infrastructure investment has a significant market impact on the equipment industry and that distributors have an important stake in the outcome of the policy debate over water infrastructure funding.

V. Analysis and Discussion of Survey Findings

In the spring of 2003, NUCA and AED conducted a survey similar to the one described in this report.[19] The purpose of the 2003 survey was analyze the impact of the 30 percent depreciation bonus that Congress had created in early 2002 in response to the economic downturn of 2000 and 2001. The 2003 survey determined that the depreciation bonus had been very effective in stimulating utility contract equipment purchasing over the previous year. Specifically, 67 percent of the survey respondents who were familiar with the depreciation bonus said that it had prompted their companies to invest in new equipment in the prior 12 months. In the current survey, only 39 percent of those familiar with the depreciation bonus had taken advantage of it. This discrepancy is likely attributable to two major factors.

First, the timing of the surveys differed. When the 2003 survey was conducted, the depreciation bonus had been in place for an entire year. Additionally, many contractors probably waited to take advantage of the depreciation bonus until late 2002 when their year-end financial situation was clearer and the benefits of using the depreciation bonus to reduce tax liability were more concrete. In contrast, the present survey was conducted just five months after the depreciation bonus was enacted and well before the end of the year.

The nature of the current economic downturn is likely a second major factor contributing to the lower percentage of utility contractors who have taken advantage of the ESA's capital investment incentives. The 2000-2001 downturn was in large part attributable to a dramatic drop in businesses purchasing. In early 2002, when Congress first created the depreciation bonus, the economy had suffered six consecutive quarters of declining business purchasing (i.e., fixed domestic investment in equipment and software).[20] Thus, stimulus designed to spur business capital investment was appropriate.

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17 See responses to survey questions 14 and 15 in Appendix A.

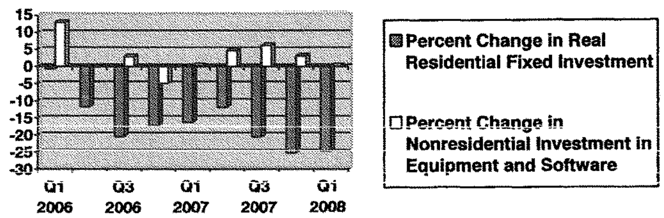
18 See responses to survey question 13 in Appendix A.

19 Christian A. Klein, Capital Investment Incentives Work: A Study of the Past and Future Impact of the Depreciation Bonus and Small Business Expensing Level Increases on Utility Contractor Equipment Purchasing (2003) (report for AED and NUCA) (available at http://www.depreciationbonus.org/pdf/NUCA_AED_Tax_Study.pdf).

20 *Id.* at 3.

The current economic downturn, however, is attributable to different factors. Although the growth in business purchasing has been inconsistent (and far from robust) over the last two years, it has only been negative in two of the last eight quarters.[21] As illustrated by the graph below, at the same time, the U.S. economy has experienced nine consecutive quarters of declining residential real estate investment.[22] This has taken a tremendous toll on the construction industry as evidenced by the current survey and other reports.[23]

Home Purchasing vs. Business Investment 2006-2007
Source: Bureau of Economic Analysis



Given the slowdown in the housing market, it is not surprising that construction companies are reluctant to invest in new equipment. In the words of one respondent to the current AED-NUCA survey: "We still have approximately 25 percent of our existing equipment fleet sitting idle because of a lack of construction projects. It would make no sense to buy more equipment regardless of how great the incentives are if we are unable to put it to use."[24] The comments of another contractor who has not taken advantage of the ESA suggest that broader economic factors are also impacting contractor equipment purchasing decisions: "It is too risky to take advantage of [the ESA] right now. The economic status of our region is shaky at best. While we are busy, we are not making any profit, margins are tight, fuel is killing us, and banking problems scare us to death."[25]

VI. Conclusions

The 2008 AED-NUCA utility contractor survey suggests that although the ESA has had some positive impact, Congress and the president should do more to help put the economy back on firm footing. The significant impact that the downturn in residential real estate market has had on utility contractors suggests that the industry will be helped by the home purchase tax credit included in the recently-enacted housing stimulus bill. However, Congress should consider legislation to extend the ESA's capital investment incentives for an additional year (through the end of calendar year 2009 for the depreciation bonus and through tax years beginning in 2009 for the higher Section 179 expensing levels). Congress should also act

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21 Press Release, Bureau of Economic Analysis, Gross Domestic Product: First Quarter 2008 (Final) (June 26, 2008) (available at http://www.bea.gov/newsreleases/national/gdp/2008/pdf/gdp108f.pdf).

22 *Id.*

23 *See e.g., The Housing Crisis – Identifying Tax Incentives to Stimulate the Economy: Hearing Before the House Comm. on Small Business*, 110th Cong., 2d Sess. (2008) (testimony of Dale Leppo on behalf of AED) (available at http://www.house.gov/smbiz/hearings/hearing-06-05-08-housing/Leppo.pdf).

24 See response number 23 to survey question 12 in Appendix A.

25 *Id.* at response number 36.

quickly to pass legislation significantly increasing federal investment in water infrastructure. In addition to the environmental and public health benefits, the 2008 AED-NUCA survey suggests that increased federal water spending would create construction industry jobs and prompt additional equipment purchasing in the immediate term, thereby enhancing the benefits of the ESA.

APPENDIX A:

2008 AED-NUCA UTILITY CONTRACTOR ECONOMIC STIMULUS SURVEY RESULTS

SDI

SDI InfoQuest Online Survey System

TOOLBAR FOR CURRENTLY ACTIVE SURVEY

Admin Home | Edit Set-Up Information | Add or Edit Questions | Preview Survey Form | Delete Responses

Survey Results

SURVEY TITLE
NUCA Economic Stimulus Survey

Responses Received: 78

Save Responses To Excel | Normal Print Without no answer | Normal Print With no answer | Single Print With no answer | Single Print Without no answer | Cross Tabulation View

Question 1
In what region of the country is your company located?

Response	Count	Percent	Chart
Northeast (Connecticut, Delaware, Massachusetts, Maine, New Jersey, New York, Pennsylvania, Rhode Island, Vermont)	14	17.95%	
Southeast (Alabama, Florida, Georgia, Maryland, North Carolina, Tennessee, South Carolina, Virginia, West Virginia)	35	44.87%	
Upper Midwest (Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin)	16	20.51%	
South Central (Arkansas, Louisiana, Mississippi, Oklahoma, Texas)	2	2.56%	
Rocky Mountain (Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming)	1	1.28%	
West Coast (Alaska, California, Hawaii, Nevada, Oregon,	10	12.82%	

Washington)			
Other (e.g., Puerto Rico)	0	0.00%	
Total	**78**	**100.00%**	

Click to view 3-D charts.

Question 2
What were your company's total annual revenues from utility construction projects in 2007?

Response	Count	Percent	Chart
$2 million or less	14	17.95%	
Between $2 million and $5 million	11	14.10%	
Between $5 million and $10 million	19	24.36%	
$10 million or more	34	43.59%	
Total	**78**	**100.00%**	

Click to view 3-D charts.

Question 3
Are you familiar with the capital investment incentives (temporary depreciation bonus and temporarily higher Sec. 179 expensing levels) enacted by Congress earlier this year as part of the Economic Stimulus Act?

Response	Count	Percent	Chart
Yes	66	84.62%	
No	12	15.38%	
Total	**78**	**100.00%**	

Click to view 3-D charts.

Question 4
If so, how did you first learn about the new capital investment incentives?

Response	Count	Percent	Chart
NUCA publication	11	14.10%	
AED/AEM Economic Stimulus Act brochure	1	1.28%	
General news coverage	26	33.33%	
Construction industry publication	10	12.82%	
From a fellow contractor	0	0.00%	
From an equipment distributor	6	7.69%	

Other	13	16.67%	
I am not familiar with the new capital investment incentives	10	12.82%	
No answer	1	1.28%	
Total	**78**	**100.00%**	

Click to view 3-D charts.

Question 5
Have you visited depreciationbonus.org to get more information about the Economic Stimulus Act?

Response	Count	Percent	Chart
Yes	8	10.26%	
No	69	88.46%	
No answer	1	1.28%	
Total	**78**	**100.00%**	

Click to view 3-D charts.

Question 6
Has your company bought new equipment this year to take advantage of the depreciation bonus?

Response	Count	Percent	Chart
Yes	27	34.62%	
No	50	64.10%	
No answer	1	1.28%	
Total	**78**	**100.00%**	

Click to view 3-D charts.

Question 7
Has your company bought equipment (new or used) this year to take advantage of the higher Sec. 179 expensing levels?

Response	Count	Percent	Chart
Yes	25	32.05%	
No	53	67.95%	
Total	**78**	**100.00%**	

Click to view 3-D charts.

Question 8
Do you plan to buy equipment in the second half of 2008 to

take advantage of the depreciation bonus?

Response	Count	Percent	Chart
Yes	21	26.92%	
No	57	73.08%	
Total	**78**	**100.00%**	

Click to view 3-D charts.

Question 9
Do you plan to buy equipment in the second half of 2008 to take advantage of the higher Sec. 179 expensing levels?

Response	Count	Percent	Chart
Yes	20	25.64%	
No	56	71.79%	
No answer	2	2.56%	
Total	**78**	**100.00%**	

Click to view 3-D charts.

Question 10
If Congress were to extend the depreciation bonus for an additional year (through Dec. 31, 2009) would you be more likely to buy additional equipment next year?

Response	Count	Percent	Chart
Yes	59	75.64%	
No	19	24.36%	
Total	**78**	**100.00%**	

Click to view 3-D charts.

Question 11
If Congress were to extend the higher Sec. 179 expensing levels for an additional year (through tax years beginning in 2009) would you be more likely to buy additional equipment next year?

Response	Count	Percent	Chart
Yes	60	76.92%	
No	18	23.08%	
Total	**78**	**100.00%**	

Click to view 3-D charts.

Question 12
If you haven't bought equipment to take advantage of the capital investment incentives in the Economic Stimulus Act, why not? IF YOU HAVE BOUGHT EQUIPMENT TO TAKE ADVANTAGE OF THE ESA, PLEASE SKIP THIS QUESTION.

Number	Response ID	Response
1	5049	Lack of positive economic forecasts to support adding long term debt. The stimulus is nice if there is an actual upturn in sight. The construction market will be bleak for at least two years and you must have revenue to justify taking on greater debt regardless of increased expensing opportunities.
2	5061	There is no advantage in getting a "tax break" if the current economic and bidding conditions are such that you have no taxable income to be able to use the additional depreciation or Section 179 deduction.
3	5062	Quest 6-7 were answered NO because our purchases were based on need rather than to take advantage because of a stimulus package. Questions 8 and 9 were answered YES because the option of "POSSIBLY" was not available. We are aware of the stimulus and MAY buy equipment if we find a good price and have need, but NOT just because of stimulus package. We buy what we need based on work we have and right now, we need infrastructure funding before stimulus.
4	5063	We have bought equipment and taken advantage of the programs you list, but the programs are not the prime reasons for buying the equipment.
5	5064	Backlog is weak. Struggling to make a profit. If no profit, what good are the incentives?
6	5065	Revenue has been down 50% and no need for additional equipment.
7	5066	NOT NEEDED.
8	5067	WE would only buy equipment if the need for new equipment is there, right now there is not enough work to justify buying new equipment.
9	5068	Due to the housing slump and the overall unstable economy, we do not have any backlog of work to warrant the purchase of new equipment. We purchased two track skiddsteers this year to replace the use of 963 loaders on small projects. There have been no other purchases.
10	5069	Money is tight. Im waiting for Democratic leadership.
11	5070	NO WORK!
12	5072	The economy is worse than our industry has seen it since the 1970s. We have been in business here in south florida since the mid 70s and are quite concerned about the future of the construction industry right now and dont plan on any capital expenditures in the near future no matter what type of incentives are introduced. Our fuel costs have gone so high its making it very difficult to do business. The industry has come to almost a screeching halt so we are in a downsizing mode until business improves. We are hoping that congress will approve drilling for oil in the states so that it might give us some relief in the price of our fuel which in turn might give us some hope for the future.
13	5073	There is not enough work to justify equipment purchases.
14	5076	During the last few years when utility and excavation work was strong, we bought all the equipment we needed then. Now there is no work so we are selling off our equipment, not buying. A stimulus that helps the purchase of equipment in a down market does nothing to help the down market as a whole. We need to stimulate the infrastructure economy and the government should be spending the money in infrastructure, not giving a tax deduction to the few companies that have work and already have all the equipment they need. They should focus on funding projects so the companies that dont have any work would have an incentive to buy equipment if they had projects to build in the first place. These types of incentives will not keep my company in business. Projects first, then incentives, not the other way around. In fact, if the economy is doing well, we dont need incentives.
15	5077	There isnt enough work out there to pay for the new equipment! We will be lucky to be able to keep the equipment busy that we have.
16	5079	We havent secured sufficient work to warrant the purchase of new equipment
17	5083	The economy is in terrible shape and there is not enough work available to support new equipment purchases.
18	5084	It takes money to spend money. Our company is in no position to update our equipment fleet at this time. Our volume is down 30%, we have not brought back 12 employees for this construction season, and we have several pieces of equipment parked because of the lack of work available. We can not justify the expenditure with the limited work we have.
19	5086	Work very slow, worst in our 10 years of business, well be grateful if we are able to keep paying for what we have.
20	5088	With the poor economy, poor banking, and minimal willingness on behalf of distributors to work through these times with the debts we have I cant forsee adding more or their participation in helping to finance the equipment.
21	5091	Slowing work levels
		I dont need any equipment. I dont forsee the

22	5093	work picking up anytime soon, to spend money now if foolish.
23	5096	We still have approxiamately 25% of our existing equipment fleet sitting idle because of the lack of Construction Projects. It would make no sense to buy more equipment regardless of how great the incentives are if we are unable to put it to use.
24	5097	I own a sufficient amount of equipment and have no need
25	5098	Lack of jobs.
26	5099	There is insufficient work upcoming to justify purchasing new equipment.
27	5100	We dont have enough work to justify puchasing new equipment.
28	5102	No need
29	5103	Due to the slow down of our industry and the amount of new equipment we already own we have no need for purchases at this time.
30	5104	Dont need any Equipment
31	5105	my company purchases enough equipment that we do not qualify for this tax break
32	5106	We have not been able to generate enough work to justify new equipment purchases.
33	5110	We buy equipment that we need, not just because its "on sale". We buy equipment every year the value of which usually exceeds the limits of whatever tax package is being offered. Once or twice in years past the deprecation did encourage us to update a machine or two.
34	5111	Work is scarce
35	5113	why have it sit in our yard, depreciating. We need a Stimulus package for growth.
36	5114	It is to risky to take advantage of right now. the economic statis or our region is shakey at best. While we are busy, we are not making any profit, magins are tight, fuel is killing us, and banking problems scare us to death.
37	5115	We have all the equipment we need and have not had any new business this year, to have the need for new equipment. The construction market in Ft. Myers, FL is pretty bad right now.
38	5117	In slow economic times when you are having difficulty showing a profit anyway, what is the value in increasing your current year costs? This type of deal will only work when our industry is growing / thriving and the general economy needs a boost.
39	5118	This is simply a way to delay the pain-we are spending over $4,000.00 a week on fuel and we are a small business. That doesnt leave a lot left for payments on equipment. We are doing everything we can to pass on the cost of fuel to

		our customers, but there is a threshold and a lot of irresponsible bidding going on in the industry!
40	5122	Business has fallen so far off that it doesnt make sense to spend any money at all. I am more worried about the survival of my business than the profitability after taxes.
41	5123	No need at this time.
42	5126	DID NOT KNOW ABOUT THIS - MY ACCOUNTING SAID HE WOULD LET ME KNOW ABOUT THIS
43	5127	ECONOMY, WORK LOAD DROPPED OFF 90%
44	5128	As a fiscal year Sub-S corporation, we were unable to get the tax benefit of the higher expensing limitations. This appears to be a "glitch" in the tax law which needs to be addressed.

Question 13
When preparing a bid on a water utility project, approximately what percentage of the bid is attributable to the purchase, rental, and leasing of construction equipment and to the cost of dealer-performed equipment repairs? (Please do not include operating costs or routine maintenance that you perform.)

Average:	12.08
Median:	10.00
Quartiles:	Lower: 1.00 Upper: 18.00

Question 14
Would you be more likely to buy equipment and take advantage of the depreciation bonus and/or higher Sec. 179 expensing levels this year if Congress enacted legislation increasing federal investment in water infrastructure?

Response	Count	Percent	Chart
Yes	56	71.79%	
No	19	24.36%	
No answer	3	3.85%	
Total	78	100.00%	

Click to view 3-D charts.

Question 15
Would you be more likely to hire additional employees or add positions at your company this year if Congress enacted legislation increasing federal investment in water infrastructure?

Response	Count	Percent	Chart
Yes	55	70.51%	
No	20	25.64%	
No answer	3	3.85%	
Total	**78**	**100.00%**	

Click to view 3-D charts.

Question
Please select the statement that most closely reflects the impact the downturn in the housing market has had on your company.

Response	Count	Percent	Chart
The downturn in the housing market has had no impact on my company	5	6.41%	
The downturn in the housing market has had some impact on my company	20	25.64%	
The downturn in the housing market has had a major impact on my company	50	64.10%	
No answer	3	3.85%	
Total	**78**	**100.00%**	

Click to view 3-D charts.

BACK TOP AHEAD

Statement of the Coastwise Coalition
by
Peter Drakos, President of Coastal Connect LLC

Committee on Transportation and Infrastructure
United States House of Representatives
Washington, D.C.

Investing in Infrastructure: The Road to Recovery
A Marine Highways Perspective

October 29, 2008

Mr. Chairman and Members of the Committee, I am Peter Drakos, President of Coastal Connect LLC, and a member of the Coastwise Coalition. I am pleased to be here to offer a domestic maritime perspective on behalf of the Coastwise Coalition on actions the Congress can take to improve the economy and maritime transportation. I will address several key points today:

- *The Coalition's strong support for prompt enactment of an exemption from the Harbor Maintenance Tax for carriage of domestic and Great Lakes non-bulk cargo, an issue addressed by bills sponsored by some members of this Committee. We hope that this sorely needed relief could be included in any "recovery" or "stimulus" legislation enacted this fall.*
- *The importance of a strong and steadily funded Title XI program.*
- *The value of integrating some domestic marine transportation activities and support for those activities with surface transportation policy and funding.*

Participants in the Coalition include a wide range of public and private sector organizations and individuals. Most are in the marine transportation sector and include ports, vessel operators and other transportation providers, maritime labor unions, analysts, and others in the maritime industry and workforce.

The Coalition is grateful for this opportunity to put the further development of marine highways before the Committee. This is one area of infrastructure investment that can stimulate economic activity and job creation. Even more importantly, it can help in the development of energy efficient, environmentally friendly and sustainable new capacity for the national transportation system and the economy it supports. The Committee is right to move quickly to address the nation's deteriorating economic condition by calling this hearing. Furthermore, I am pleased to note that Chairman Oberstar and Ranking Member Mica have shown great interest in how marine surface transportation can play a greater role providing overall system capacity for the nation.

The Coastwise Coalition has focused its recent work on the urgent need for an exemption from the Harbor Maintenance Tax (HMT) and other exclusively maritime matters. However, the Coalition also is in the process of discussing and reviewing a range of policy recommendations in anticipation of the coming work by Congress to address surface transportation programs and policy. In advance of our coming to a conclusion on a formal Coalition agenda in that regard I have been asked to bring a few of those ideas to your attention in the hope that it will stimulate some thinking in this area on your part as well.

The Coalition's purpose is to promote the use of waterborne transportation as a safe, economical, energy efficient and environmentally beneficial means to meet a growing need for reliable transportation options

Peter Drakos, President
Coastal Connect LLC
(203) 569-7679

Clearwater House - 6th Floor
2187 Atlantic Street
Stamford, CT 06902-6880

and capacity expansion. Congestion on our land routes is a fact of life in many major corridors and most metropolitan areas of the country. Relieving the increasing demands on the major highways and the rail system by providing new routings for cargo is what we can help accomplish through greater use of the marine transportation system (MTS).

Increasing domestic coastwise and inland shipping services would provide cargo owners, transportation intermediaries, trucks, and rail carriers a safe, reliable, and cost competitive transportation option. In the process, our transportation system can improve in terms of energy efficiency, environmental impact, and reduced stress on corridor communities.

I am appearing before you today as an example of new transportation capacity and what can be achieved in the way of transportation improvements and near term and sustained economic activity. The Coastal Connect operation is only one example of what is and can be offered on our marine highways. For purposes of this statement I will not address the important and already significant domestic shipping activities that serve the bulk commodities market, a traditional and large user of America's waterways.

With the signing of the Energy Independence and Security Act in December 2007, short sea shipping in the United States, also known as America's Marine Highways, was recognized and embraced as an important part of our country's surface transportation network. Thanks to the leadership of the Committee and the support of Congress we now have law that encourages the development of domestic marine transportation in the context of the surface transportation system. I would also like to acknowledge the energetic work of Maritime Administrator Sean Connaughton in advancing marine highway development to metropolitan planning organizations, shippers, the financial community and other sectors.

Marine Highways: Today and Tomorrow

Marine highways are water routes of our surface transportation system. Today container vessels and trailer, truck and rail ferry services are operating on the water. U.S. companies like Crowley, Tote, Columbia Coastal Transport, Osprey Line, and Horizon Lines operate on non-contiguous and contiguous routes. In the coming years these companies and new entities like Coastal Connect will be called on to carry more freight and serve new markets. More immediately, Horizon Lines executives have publicly expressed, including to this Committee, that company's strong interest in developing new domestic short sea services. The company has consistently noted, however, that it sees the application of the Harbor Maintenance Tax to contiguous domestic non-bulk cargo movement as a major obstacle to making a success of such service – a view I share. Other companies are investing in vessel designs, equipment acquisition, and marketing to prepare to serve new markets. Coastal Connect, my company, is one of those.

I would like to give you a few examples of what is being developed around the country. All are private sector initiatives that would provide public benefits. All would have an improved chance of sustaining their operations over the long term if Congress adopted a Harbor Maintenance Tax exemption and targeted incentives.

Coastal Connect is well into the design of an environmentally enhanced class of ships that will address the challenges facing the transportation industry today. The ships will be a roll on-roll off design, principally carrying 53' domestic trailers. The initial service will be between New Jersey and Rhode Island, and thereby mitigate the chronic roadway congestion along the New York/Connecticut I-95 Corridor. The ships will operate at speeds of up to 20 knots to provide same-day delivery service, and they will be the first of a class of compact Ro-Ro's to be built in the United States to run on compressed

natural gas (CNG), the cleanest burning fuel that will reduce air pollution and greenhouse gas emissions.

By the end of this year we expect to have ship design documents that will allow us to solicit bids from U.S. shipyards for the construction of four (4) ships, with an option to build four (4) more. With the recent downturn in the economy, the Coastal Connect construction contract will mean hundreds of shipyard and related jobs in support of our nation's vital shipbuilding industrial base, and with delivery of our ships we will expand opportunities for U.S. seafarers and portside workers.

To finance the construction of the ships we will need Title XI financing, and thus it is our request that Congress continue to appropriate the necessary funds to stimulate ship construction in the United States through the Title XI Program. Upon approval of our Title XI application, we would expect to commence ship construction within three (3) months. In addition, in view of the substantial costs associated with the technologically advanced CNG fuel configuration, we will seek grant money from appropriate agencies.

California is as transportation-challenged as any place in the nation. One of the areas where domestic marine surface transportation alternatives have been actively discussed is in the northern part of the State. Eco Transport is a company that is initiating environmentally beneficial goods movement service there. Their service will entail transporting containerized cargo by tug and barge on the San Joaquin River between the Ports of Oakland, Stockton and Sacramento. It will move import containers to the interior and return to the Oakland gateway to export California agriculture and other goods overseas. Each barge will carry 350 containers. At full ramp up, Eco Transport will offer the service seven days a week or 250,000 containers per year.

In addition to the transport services, Eco Transport plans to offer container storage, equipment interchange, and warehousing services in Stockton. That will make for a major improvement from the current model of transporting goods from Oakland to the Central Valley. Currently, 75 percent of all movement occurs via truck, which creates major congestion along key northern California corridors, contributes to a severe air quality issue, and creates unnecessary safety risks. At full operation Eco Transport service will remove over one million truck trips from the road each year and greatly reduce emissions. Indeed the Eco-Transport project has partnered with the applicable California Air Quality Districts and tugboat emission specifications have gone through the Carl Moyer (low emissions) process through the Bay Area Air Quality Management District. Both the San Joaquin Valley Air District, Bay Area Air District Management District and the California Air Resources Board agree the results of the partnership study, that the Eco-Transport project will reduce emissions greatly compared to the existing trucking model.

Eco Transport expects to be able to move to the acquisition of its equipment as soon as the second quarter of 2009. They will spend nearly $50 million on vessel and port infrastructure and equipment to develop its service to achieve operating efficiency and deliver environmental benefits. $29.5 million of that would be for one tugboat and three container barges.

Similar to the Bay Area, the unique geography of the Great Lakes presents opportunities to relieve highway and rail congestion through the development of marine highway services between major cities in the upper Midwest. The U.S.-Canadian binational trade relationship is the largest in the world. More than half of that total occurs in the Great Lakes region. Post 9/11 security enhancements have slowed the flow of commerce at U.S.-Canadian border crossings creating additional market pressure for alternative freight transportation services. In response to these market forces, three new freight ferry services are under development in the region. These services will link Cleveland, Ohio with Port Stanley, Ontario; Erie, Pennsylvania with Nanticoke, Ontario; and Oswego, New York with Hamilton, Ontario.

The Cleveland service would employ two Ro-Ro vessels and is expected to accommodate 250,000 passengers, 42,000 vehicles, and 40,000 trucks each year. The Erie service would also employ a Ro-Ro vessel design with a per-voyage capacity of 160 trucks. The Oswego service would utilize a tug-barge configuration and accommodate up to 110 trucks per voyage. Although still in the planning stages, each of these new services are expected to enhance the flow of commerce, remove trucks from already congested highways, ease border congestion, and reduce emissions.

In the Gulf region, SeaBridge Freight, Inc. will initiate its first short sea operations in November 2008. That company's container-on-barge business will provide scheduled service between Port Manatee, Florida and the Port of Brownsville, Texas. The operation will provide low-cost alternative capacity to third party logistics providers and intermodal motor carriers. Their service will be in addition to that planned between the Ports of Victoria and Houston, which signed a MOU to initiate a service.

Action Needed to Improve the Economy and Maritime Transportation

There are three particular areas where the Federal government can stimulate new marine surface transportation capacity and the jobs to go with it:

- eliminating disincentives to the use of maritime transportation, particularly the application of the HMT to domestic and Great Lakes non-bulk moves;
- vessel construction and refitting; and
- terminal construction and modification.

All of these steps, in one way or another, would encourage those who control the freight to consider the efficient maritime options as part of an integrated multi-modal system. Let me elaborate.

<u>End the Harbor Maintenance Tax Disincentive – NOW</u>

If there is one thing that Congress can do, and which the Coalition consistently has proposed, it is to remove promptly a disincentive to the use of the marine highway --- by exempting from the Harbor Maintenance Tax carriage of non-bulk domestic and Great Lakes cargo. This is cargo currently moving largely on congested and aging highways that can, instead move on water routes. There are some exemptions to this tax already, notably when the vessel movement in question pays the inland waterways fuel tax, for passenger ferries, and for certain shipping that serves Hawaii, Alaska and U.S. possessions. However, absent applicability of exemptions, or an unusually strong special niche market, the HMT is a considerable barrier to moving these non-bulk cargoes on water in domestic or Great Lakes service, as we explain.

We appreciate the attention that this issue has been given by members of this Committee. Various bills were introduced earlier in this Congress. Two versions that would apply an exemption on a national basis—including US/Canada trade on the Great Lakes—are the Short Sea Shipping Act of 2007 (H.R. 1499) and a comparable Senate bill (S. 3199). Before going further let me say that the Coalition deeply appreciates the leadership provided by Chairman Cummings, the sponsor of H.R. 1499, on this particular issue. We also appreciate the letter recently written by Rep. Mica, Rep. LaTourette and others to advance such legislation. And we know that you have been supportive of this effort, Mr. Chairman. It is appreciated.

The Harbor Maintenance Tax is an ad valorem charge—0.125 percent—on international cargo entering this country, on domestic cargo moving between U.S. ports, and cruise passenger tickets. The tax, which is paid by the cargo owner, discourages the use of marine transportation by intermodal cargo in several ways.

First, at a time when all business is extremely cost conscious, the charge itself can be a barrier. It is a charge not imposed on land transportation moves. Second, there is an administrative barrier. A good amount of the freight moving on the congested interstates and major corridors is in consolidated shipments such as you would find in a UPS trailer. Use of the marine highway alternative would obligate the owners of goods with a value over $1,000 in the truck to file separately the appropriate HMT payment with Customs and Border Protection, the collecting agency. That, of course, assumes that the shipper knows that the truck opted for the water route. Similarly, if an international containership operator wanted to consider routing import cargo to its destination via a coastal shuttle, new charges and customer paperwork would apply that does not apply if land carriers were used.

Simply, when you are trying to provide customers with a solution to an existing problem, it doesn't help to say that extra charges and paperwork are a part of the new approach. So, the HMT is a serious barrier to success for vessel operators trying to establish new services and attract non-traditional customers of marine transportation.

We will add, however, that because of these barriers, it is our belief that the Treasury collects de minimis revenue from the HMT in the context of non-bulk domestic and Great Lakes cargo. Enacting the exemption will provide real benefits with little if any cost to the Treasury.

Let me illustrate this with an example. The Detroit-Windsor Truck Ferry operates between the U.S. and Ontario and primarily serves trucking carrying hazardous cargo. It provides an essential alternative to the heavily traveled Ambassador Bridge and long distance alternatives. The operator of this barge service testified at the February 15, 2007, hearing by the Coast Guard and Maritime Transportation Subcommittee that hazmat trucks use the service in the direction of Canada but that trucks bearing cargo and originating in Canada do not use the service expressly because of the Harbor Maintenance Tax. Thus, the most desirable route for hazardous cargo -- away from the crowded international bridge and a significantly shorter distance than other route alternatives -- is discouraged by current law.

So, what we have is the opportunity for innovative, new service that would:

- ease landside congestion;
- ease the need to construct new, expensive landside capacity;
- utilize an energy efficient, less polluting mode;
- create U.S. citizen maritime jobs, strengthening the active base of U.S.-flag vessels and mariners for national defense; and
- involve little or no cost to the Treasury.

The merits are compelling, short and long term.

We strongly urge the Committee to do what it can to enlist Leadership and others in the effort to enact now this legislative solution to exempt non-bulk cargo (including cargo carried on rolling stock such as trucks, trailers and rail cars, as well as cargo in containers or in the form of vehicles). For further reference on this issue you will find appended to this statement a recent letter to Chairman Rangel of the Ways and Means Committee and signed by various participants of the Coastwise Coalition.

Vessel Infrastructure

This Committee has supported vessel financing measures and we greatly appreciate your continuing support. Opening the Capital Construction Fund to coastwise shipping vessels in Public Law 110-140 was an important decision by Congress in 2007 and it likely will stimulate shipyard work and new marine highway capacity in the next year and for years after.

The Title XI program is the other existing mechanism for financing investments in vessel infrastructure. It is an essentially sound and invaluable program. We have heard suggestions for possible refinements to make the program work more efficiently and to make the process "less daunting," as suggested by Chuck Raymond, Chairman and CEO of Horizon Lines. To borrow from testimony Mr. Raymond gave in March 2007, to the Subcommittee on Seapower and Expeditionary Forces (chaired by Congressman Taylor), a strong Title XI program will strengthen the economy and national defense "by strengthening the circumstances of ship operators, shipyards, maritime labor, and shipyard workers. " He went on,

> New vessel construction means more modern U.S.-flag vessels and U.S. shipyards – both better able to face future challenges and assist DOD. To have these positive impacts, the program needs to be consistently funded and the terms and conditions of its use should be made less daunting to its private sector customers. It is not enough for the program to receive sporadic drips of funding.

In recent years it has not received funding, period. The current state of the Title XI program makes it difficult for shipyards or vessel operators like Horizon to plan commercial vessel construction programs.

Title XI, when funded, leverages private investment and generates economic activity. To offer a general rule of thumb, each dollar of Title XI funding supports 20 times as much in construction. So, \$60 million in Title XI loan guarantee funding leverages \$1.2 billion in guarantees for ship construction. As for the ability of the program to stimulate jobs, a recent order for 13 new tugboats was expected to stimulate over 200 jobs and inject \$120 million into the Seattle economy. Recent appropriations actions have begun to fund title XI but it is important that this funding be provided on a regular and substantial basis if carriers and shipyards are to be able to make effective plans.

I have a last illustration as to how important Title XI financing has been to the U.S. flag merchant fleet over the years. Data available on the Colton Company website indicates that since World War II the owners of 41 of the 43 container and 29 of the 30 Ro-Ro vessels built in United States shipyards for private sector purchasers have relied upon Title XI financing. It is that essential.

Port Infrastructure and Other Issues

If you scanned the waterfront of the more than 85 public ports and many more private terminal locations around the country you would find underutilized capacity in many. However, it cannot be assumed that those ports and facilities have adequate infrastructure in place to serve as platforms for domestic intermodal service on the marine highways. International terminals are not well suited for domestic freight handling given the physical plant and Federal presence designed specifically for import activities. Otherwise, existing terminal configurations, equipment, and available acreage may not be sufficient or useable depending on the type and volume of cargo to be handled and the type of vessel in service. A marine highway terminal may require bulkheads strengthened and new cranes, gates or ramps. It is well documented that the inland waterway system infrastructure, the locks in particular, are outmoded and in urgent need of repair. Depending on the location Federal channels and locally managed access channels will require maintenance dredging. (However, it is generally thought that most domestic marine highway operations will require few channel improvements inasmuch as most marine highway services employ vessels of lesser drafts than of the larger ocean and bulk carriers.)

Vessels and port facilities are the infrastructure elements for marine highways that are akin to the lanes, ramps, rails, and support areas that are essential to the land modes. Indeed it is believed that the marine highway infrastructure can deliver heavy volumes of freight for a public investment that is less costly and offers public benefits that compares favorably to building comparable capacity on the interstate system.

What are ways that Congress might stimulate investments in marine highway infrastructure?

In addition to the HMT relief and title XI funding already discussed, and increasing funding for the general maintenance and improvement needs of the Federal system of navigation channels, the Committee could consider a range of approaches that the Coalition is discussing and reviewing. One that has been mentioned is establishment of a freight ferry program. It could be modeled in part on the Ferry Boat Discretionary Program that was established in ISTEA (1991) and amended in succeeding surface transportation reauthorization measures. That program allocates grants to support the construction of passenger ferries, landings and related facilities. A freight ferry program could be established to advance the development of marine highway terminal facilities and vessels that will offer service that connects elements of the interstate highway systems. We would not want that approach to stifle the development of private sector marine highway operations. Rather it could be a way to invest in infrastructure that would facilitate the development of new service, which is to say new capacity, for the surface transportation system.

Last year the Committee took an important step that culminated in the enactment of the Short Sea Transportation provisions. This month the Department of Transportation issued an interim final rule to implement those provisions for the designation of corridors and projects under the American Marine Highways Program (AMH). The Committee could take a next step in support of the program by encouraging the use of existing CMAQ funding—perhaps through a set-aside—for projects designated under the American Marine Highways Program. It would be a way to maximize public benefit and support projects vetted through the AMH program.

Some members of the Coalition are looking at how Congress might incentivize marine highway development and use. Incentives would be warranted because of the public benefits that would be achieved with the shift of some portion of the growing volume of vehicles on our crowded interstate and metropolitan routes. Those benefits would include reduced congestion, emissions reductions, energy conserved, and reduced wear on infrastructure bearing the trucks and trains. See a recent report issued by the Fletcher School of Law and Diplomacy on the economic, environmental and national security benefits of coastwise shipping entitled: "Americas Deep Blue Highway" (http://www.igms.org). Tax incentives could be offered to the shippers and truckers, for example, on the basis of specific benefits or miles traveled on marine highways.

Another approach might be to modify TIFIA (Transportation Infrastructure Finance and Innovation Act) to allow financing in smaller amounts, perhaps $5 million or less, to support infrastructure development for designated AMH projects.

Reforms to the transportation planning process could also help stimulate development and expansion of marine highway services. Depending on geography, there will be instances throughout the nation where the best solution to highway congestion might be movement of freight by vessel. Given the considerable cost of road and bridge construction, Federal support for marine highway investments, where it makes sense, may be the most cost effective option with the least environmental impacts. Such cost effective options could make it possible to accomplish more with available infrastructure dollars. The current transportation planning process makes consideration of these alternatives difficult because most transportation planning agencies are generally unfamiliar with maritime services. The Federal government should address this disconnect because marine surface transportation, and the services of the private sector, will be in increasing demand to enhance the operating capacity of our country's transportation system.

Conclusion

The Committee's leaders in both parties have demonstrated an appreciation for giving greater attention to intermodal transportation and taking a broader, systemic view of what our nation's transportation system should be. Marine surface transportation development should be an integral part of that. It presents an opportunity to make more efficient use of fuel resources and improve on total emissions resulting from the transport of goods and persons. It would create new jobs in the nation's ports and enable the U.S. maritime sector to develop new capabilities and apply improved technology to a mode of transportation that continues to serve this country well.

We have outlined today the need to promptly enact an HMT exemption, noted the benefits of title XI funding, and discussed other possible actions that would help bring these benefits into reality. We urge your support for these steps. Thank you for allowing the Coastwise Coalition and me to participate in this timely hearing.

****

Attachment

Coastwise Coalition

September 10, 2008

The Honorable Charles Rangel, Chairman
Committee on Ways & Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman;

The Coastwise Coalition is a diverse group of ports, shipping companies, labor unions and others who understand the benefits to this country if marine transportation were in greater use for the domestic movement of freight. We write in these last weeks before scheduled adjournment to urge your committee's approval of legislation to remove the Harbor Maintenance Tax (HMT) as a disincentive to moving domestic freight on our "marine highways."

Several of your colleagues in the House of Representatives and on the Committee have sponsored comparable bills to accomplish this, including one that was endorsed by the Secretary of Transportation. The principal bill sponsors include Congressman Elijah Cummings (HR 1499), Congressman Weldon (HR 1701) and the late Congresswoman Stephanie Tubbs Jones (HR 981). These bills would exempt non-bulk cargoes from the HMT to encourage a shift of some goods movement from congested highway corridors to the underutilized waterways.

Significant portions of our highway and rail networks, particularly in coastal regions, are nearing the limits of capacity. That is especially true in the Mid-Atlantic and Northeast regions. Marine transportation services also can also play a role in moving heavier and hazardous cargo offshore and away from populated areas where it might otherwise travel. One important way to address the congestion problem is to facilitate development of the coastwise marine transportation option by eliminating the obstacles caused by the HMT.

In addition to the obvious transportation benefit of the legislation it is useful to note a recent report by the Texas Transportation Institute for the U.S. Department of Transportation and the National Waterways Foundation, described in the attached. It documents the significant energy benefits and emission reductions that can be realized by shifting freight, where practical, from trucks and trains to tug and barge transportation. New transportation capacity exists along the East, Gulf, Great Lakes and Pacific coasts as well on the inland waterways. The maritime sector can help the national transportation system meet the future mobility needs of this country.

We consider it very important to achieve enactment of this legislation this year. If the matter is pushed off into the next Congress, the ability of vessel operators and others to do the work needed to put short sea services into place will be diminished. As long as the HMT's tax and administrative obstacles remains, implementation will be stifled.

Paul H. Bea Jr., Chairman
1130 Connecticut Avenue, NW Suite 300 Washington, D.C. 20036
pbea@phbpa.com 202.607.5415

You can count on us to lend our voices to passage of this legislation by Congress this year. Thank you for your leadership on this important issue.

Sincerely,

Paul H. Bea Jr., Chairman
Coastwise Coalition

James L. Henry
Transportation Institute

James Patti, President
Maritime Institute for Research and Industrial Development

David Sanford
American Association of Port Authorities

Don Keefe, President
Marine Engineers' Beneficial Association

Mathew Dwyer, Legislative Representative
American Maritime Congress

Joseph J. Cox, President
Chamber of Shipping of America

Richard Hughes, President
International Longshoremen's Association

Captain Timothy Brown, President
International Organization of Masters, Mates & Pilots

Corine Barbour, President
North Atlantic Ports Association

H. Clayton Cook, Jr., Counsel
Seward & Kissel LLP

American Great Lakes Ports Association

Crowley Maritime Corp.

Horizon Lines, LLC

Coastal Connect LLC

Stephen Flott, Chairman
SeaBridge USA, Inc.

Torey Presti, President
National Shipping of America

Tom Adamski
New Jersey Motor Truck Association,
Bi State Harbor Carrier Conference

Mark Yonge, Managing Member
Maritime Transport & Logistics Advisors, LLC

Roberta Weisbrod, Ph.D.
Partnership for Sustainable Ports LLP

Robert W. Kesteloot, President
K Associates

Raymond R. Barberesi, President
Marine Transportation Specialists Corporation

cc: The Honorable Tim Bishop, Jim Costa, Elijah Cummings, Phil English, Sheila Jackson-Lee, Steven LaTourette, John McHugh, Devin Nunes, Chris Shays, and Dave Weldon

TESTIMONY OF
JUDITH ENCK
DEPUTY SECRETARY FOR THE ENVIRONMENT
THE STATE OF NEW YORK

BEFORE THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES
OCTOBER 29, 2008

JUDITH ENCK
DEPUTY SECRETARY FOR THE ENVIRONMENT
STATE CAPITOL
EXECUTIVE CHAMBER, ROOM 245
ALBANY, NY 12224
518-473-5442

Chairman Oberstar, and members of the committee, on behalf of New York Governor David A. Paterson, I thank you for the opportunity to testify before you today on the significant need for infrastructure investment, especially for wastewater infrastructure, to be a part of any federal plan to stimulate the economy and create jobs.

New York's Waters

New York State is fortunate to have some of the most extraordinary water resources in the country, ranging from Long Island Sound to Lake Champlain and the Adirondack mountain lakes to Niagara Falls and the Great Lakes. Thankfully, we have come a long way from the time when the Hudson River and New York Harbor were little more than open sewers.

In spite of great strides in water quality improvement the country has made, I am here today to tell you about New York's immediate wastewater infrastructure needs. Presently, in New York there are over 200 municipalities under consent orders for Clean Water Act (CWA) violations. These communities need a renewed federal investment and commitment in order to make critical improvements to protect the public's health. They need your help.

In addition, out of 4,745 waterways in New York State, 14% are currently considered to be impaired by one or more pollutants, many due to municipal discharges, combined sewer overflows or urban/stormwater runoff. Thus, one in seven waterways in New York State has been identified as not satisfactorily meeting our water quality standards. Beach closings are still a regular event. For example, Long Island's Suffolk County closes over 50 beaches after heavy rains due in large part to polluted runoff. Some 70 major shell fishing beds remain too polluted to use. Reversing this trend is a goal of New York State, which Congress can help us to meet by providing funds for the Clean Water State Revolving Fund (CWSRF).

In March 2008, at the request of the New York State Legislature, the New York State Department of Environmental Conservation (NYSDEC) issued a report entitled "Wastewater Infrastructure Needs of New York State" that conservatively estimated the cost of repairing, replacing, and updating New York's municipal wastewater infrastructure at $36.2 billion over the next 20 years (*See* http://www.dec.ny.gov/chemical/42383.html). New York State also needs more than $25 billion over the next 20 years for drinking water infrastructure. With decreasing federal dollars and the current economic crisis, it will undoubtedly be more difficult for the state to issue bonds for infrastructure projects, as well as other important services.

This year, an additional $715 million in SRF to New York State – as could be provided through a stimulus bill – would allow us to put people to work on 58 wastewater projects.

Governor Paterson is committed to working with the federal government to reach the goals set out in the Clean Water Act: "to restore and maintain the chemical, physical, and biological integrity of the Nation's waters." An excellent example of this is shown in how, with much help from our federal partners, New York State and local officials have worked to restore Onondaga Lake in Syracuse, New York. This Lake had often been dubbed "the most polluted water body in North America." Onondaga Lake still has its problems, yet thanks to major investments in heightened wastewater controls, the Lake has come back to life. What was once a foul smelling, weed choked water is now a focus of bustling waterfront development efforts and home to a major, national bass fishing tournament.

While I am focusing today on the state's wastewater infrastructure, it is important to note that New York has vast infrastructure needs, including our mass transit, roads, bridges, parks and drinking water systems. In fact, this is such an important issue that Governor Paterson is testifying today before the U.S. House Ways and Means Committee about the broader need for state fiscal relief and for a stimulus package that would allow states to get started on "shovel-ready" infrastructure projects. This hearing, in focusing on "Investing in Infrastructure: The Road to Recovery," demonstrates that you share Governor Paterson's commitment and concern, and the Governor and I look forward to working with you.

A National Crisis

As you know, our nation's wastewater infrastructure is in dire straits. Aging and inadequate water treatment infrastructure results in billions of gallons of sewage spilled into the waters each year. A 2004 survey showed that of the 1,060 sewage collection systems with 22,000 miles of sewer lines in New York State, more than 30 percent are more than 60 years old and beyond their expected useful life. This echoes the national trend. The Environmental Protection Agency (EPA) has estimated that a lack of investment in wastewater infrastructure would undo many of the water quality improvements achieved through the Clean Water Act over the last 30 years.

Inadequate investment in wastewater infrastructure is putting the environment and the public's health at risk. Sewage is harmful to public health, the environment and the economy. It contains viruses, bacteria, parasites, worms, hormones, toxics and antibiotics. Contact with water polluted by sewage overflows can expose individuals to a range of waterborne illnesses, including gastroenteritis, dysentery and hepatitis. Sewage pollution contributes to beach closures and shellfish bed closures. On a national level, estimates of clean water infrastructure needs are in the order of $400 billion <u>over the next 20 years</u>.[1]

[1] Memorandum to Members of the Committee on Transportation and Infrastructure from Committee on Transportation and Infrastructure Staff, May 6, 2008.

The enactment of the Federal Clean Water Act has been attributed to the great strides our nation has made in cleaning up our waters. The CWA had such strong bipartisan support that after Congress passed it and President Nixon vetoed the legislation, Congress overwhelmingly voted to overturn the veto and enact this landmark legislation. To this day, we continue to see strong bipartisan support for access to clean water.

Federal CWA programs, including the Clean Water State Revolving Fund, and Safe Drinking Water Act programs such as the Drinking Water State Revolving Fund, have been critical in forging a federal/state partnership to protect our water resources. The variety of projects we have been able to assist through the SRFs is strong testimony to Congress' foresight in providing states a great degree of flexibility in determining how best to structure these programs. The CWSRF allows states to leverage federal funds through the public bond markets and, with the revolving nature of the funds, it has ensured that low-cost financing for water pollution control projects will always be available. As the loans are paid back to the revolving fund, new loans are made to additional recipients. The Clean Water SRF has provided approximately $63 billion in loans for wastewater and other projects through FY 2007.[2]

In New York, we have been able to leverage our CWSRF funding to provide our communities with $3.50 in low cost financing for every federal dollar that has entered the fund. Yet this year, we find that we will only be able to provide low interest loans under the fund for 16% of the projects for which our communities have applied.

Federal support for wastewater infrastructure has been cut by roughly 70 percent over the last two decades. In fact, we have seen federal appropriations for the Clean Water funding drop from a historic high of $2.4 billion in FY1987 to $687 million in FY2008. What this means is that states and local governments are left with the burden of maintaining wastewater infrastructure.

New York's communities are struggling to make ends meet. According to the New York State Division of Budget, New York City alone is projected to lose approximately 135,000 jobs over the next two years, and currently the State is facing a multi-billion dollar deficit. Our communities are already struggling financially to meet their ever-increasing wastewater infrastructure needs. These needs are even more urgent for communities trying to address the problems of combined sewer overflows and sanitary sewer overflows and for small communities with insufficient financing ability.

The Association of State and Interstate Water Pollution Control Administrators (ASIWPCA) recently surveyed states' CWSRF needs. Of the 25 states which responded, the need for CWSRF funds was in excess of $9 billion over and above the fundable line in the intended use plan for which funds could be speedily obligated via an economic stimulus package. Imagine what that number, and that need, would be if all 50 states has responded to ASIWPCA's survey.

[2] U.S. Environmental Protection Agency Office of Water, 2007 Annual Report Clean Water State Revolving Fund Programs. June 2008. EPA-832-R-08-001.

Include Infrastructure Funding in an Economic Stimulus Package

Infrastructure funding is one of the best investments the federal government can make during an economic downturn. It has the dual benefit of modernizing our nation's deteriorating infrastructure - which is vital to our businesses, the environment and agriculture - while stimulating the economy through job creation. Infrastructure funding provides direct assistance to the nation's "Main Streets." In fact, various analysts estimate that for every $1 billion invested in infrastructure projects, some 35,000 – 47,500 jobs are created or supported. Also, the Economic Policy Institute reports that for every dollar spent on infrastructure, there is a $1.59 economic benefit in the economy.

If Congress provides an additional $6.5 billion for the Clean Water SRF projects in an economic stimulus package – an appropriation which we strongly support - New York would receive $715 million, creating about 30,000 jobs at prevailing wages and $1.2 billion in economic benefit. In fact, we hope that even in these hard economic times, we will be able to double much of this money through leveraging, doubling the number of jobs and economic benefit generated. We have 412 projects which meet the "3R" criteria – Ranked, Reviewed and Ready-to-go. If funds are not provided for these projects soon, construction and engineering teams will be let go and steel and concrete orders will not be placed, leading to real job losses for workers. Providing this influx of funding will keep the pipeline of jobs, orders and projects flowing while it improves our water quality and sets the stage for future economic growth, as we have seen in New York in places such as Syracuse's Onondaga Lake.

Due to the unique nature of these highly vetted projects, they are ready to start moving as soon as funding can be distributed. The Environmental Facilities Corporation provides an effective mechanism to get this funding out to our "Main Streets." Yet, due to deteriorated state budget conditions, we appreciate Congress' efforts to remove the state match requirement for infrastructure from any economic stimulus package. Many states, including New York, have already reprogrammed and reprioritized to a point at which there is simply nothing left in the budget for the current fiscal year. In fact, Governor Paterson is calling the State Legislature back to Albany for a special session on November 18 to cut an additional $2 billion from the State's current budget. This is on top of $1 billion in cuts over the next two years, agreed upon during an extraordinary August special session of the State Legislature.

In addition, this is the moment, as even more of our communities are becoming distressed, that the long sought provision of parity between the CWSRF and DWSRF with respect to the states' ability to provide loan forgiveness for hardship communities is needed. Presently, New York's hardship communities need $63 million for 30 projects.

Chairman Oberstar, New Yorkers appreciate the commitment which you have shown on the need to reinvigorate the CWSRF. H.R. 720, the legislation which you wrote with the support of several members of the New York Congressional Delegation (particularly Representatives Higgins, Bishop, Hall and Arcuri, all of whom serve on the Water

Resources Subcommittee), recognizes the tremendous value of the CWSRF in improving water quality across the nation. Thanks to the Clean Water Act and the SRF programs, today the nation's farmers, fishermen, and manufacturing and tourism industries benefit from clean water to carry out activities that contribute more than $300 billion to our economy each year.

H.R. 720 recognizes the need for loan forgiveness to hardship communities because many small or low-income communities lack sufficient financial resources or a declining ratepayer base to address standard infrastructure needs. I wholeheartedly support the Committee's recognition of this problem, and urge you to consider including hardship language in an economic stimulus bill. New York would be happy to work with you and your Senate counterparts to ensure that the stimulus language best meets the needs of our communities and the state's ability to assist them.

New York supports the widespread use of a sustainable approach to protecting water quality known as "Green Infrastructure." Green Infrastructure involves the use of a whole host of ingenious natural engineering and architectural concepts to retain and infiltrate storm water on the urban or suburban landscape. Small vegetated wetlands, side-walk tree boxes, green roofs, pervious pavement, and other practices provide a mechanism to clean polluted runoff, detain waters that would cause combined sewer overflows of raw sewage, limit peek flooding, reforest the city landscape, and even cool urban "heat-islands." The City of Seattle has established a "Department of Green Streets" to work on this issue. Green infrastructure is an elegant solution to a host of problems – with the added benefits of green jobs and downtown revitalization.

Below, I describe a few examples of projects in the State of New York that would be funded by wastewater infrastructure money in an economic stimulus plan. These examples fix existing, documented problems:

Westchester County

The $331 million upgrade of the New Rochelle Plant is being undertaken in part by an agreement between EPA and the states of New York and Connecticut to remove approximately 58.5% of nitrogen from the Long Island Sound basin. This project will include a significant plant expansion and upgrade along with installing wastewater treatment technology to remove nitrogen to meet mandated discharge requirements by 2014. New Rochelle is the largest municipal discharger of nitrogen from Westchester County to Long Island Sound, and the installation of this technology will further protect the Sound from hypoxia (low dissolved oxygen) con ditions during the summer months. Additional SRF appropriation will finance portions of this project.

Village of Cuba

Additional appropriation to the SRF would allow the Village of Cuba, a financially challenged community of 1,600 residents in rural Alleghany County, to embark on a $2.2 million project to enhance their sewer system, thereby protecting Olean Creek which is the drinking water supply source for the City of Olean. Added benefits of this project include providing sewer service to economically disadvantaged residences around Cuba Lake, replacing their septic systems which will protect the water quality of Cuba Lake.

Town of Patterson

Additional SRF appropriation will allow financing of $3.5 million to fully fund a $10.5 million construction for a new wastewater treatment plant and collection system that connect two projects that are key aspects of the 1997 EPA driven New York City Watershed Memorandum of Agreement. This project will replace failing septic systems and two non-compliant wastewater treatment plants whose discharges are part of the New York City water supply watershed.

Town of Hague

Additional SRF appropriation would allow the Town of Hague, a small residential community of 564 residences in rural Warren County, to construct a $6 million project to collect and properly treat wastewater, thereby protecting the northwest shore of Lake George. The pristine waters of Lake George are important to the region's economy and have resulted in its development as an important recreational resource and its use as a source of drinking water.

Rockland County

This $125 million project, in the western part of Rockland County, is located in a federally designated, sole-source aquifer. The proposed wastewater treatment plant will replace failing septic systems, protecting the aquifer. In addition, the plant, which will utilize advanced treatment technologies, will discharge to the Ramapo River which becomes a part of the water supply for Mahwah, New Jersey. This project was recently recognized by EPA with the PISCES Award for innovation and excellence. Additional SRF appropriation will finance portions of this project and help ensure that work on this project, already underway, proceeds without delay.

New York City - Kings County - Paerdegat Basin Combined Sewer Overflow Retention Facility

This $370 million project will construct a treatment and storage facility for peak flows up to 1 billion gallons per day of combined storm water runoff and sewage that currently discharges untreated during rain events to Jamaica Bay, a water body classified for primary contact recreation and bathing. The Paerdegat Basin facility will provide treatment for combined sewers that cover 1/3 of Brooklyn (Kings County). Additional SRF appropriation will finance portions of this project

New York City - New York County - Wards Island Wastewater Treatment Plant Upgrade

This $508 million project is being undertaken in part by an agreement between EPA and the states of New York and Connecticut to remove approximately 58.5% of nitrogen from the Long Island Sound basin. Wards Island is the largest municipal discharger of nitrogen into the East River (a tidal strait to the Long Island Sound), and the installation of these improvements will further protect the Sound from hypoxia (low dissolved oxygen) conditions during the summer months. Additional SRF appropriation will finance portions of this project.

Thank you for the opportunity to testify today about New York State's infrastructure needs, particularly wastewater. We are not alone in these needs. Many other states are suffering financially and would greatly benefit from an economic stimulus package that would help get people to work on critical state services.

National Association of Manufacturers

MANUFACTURING MAKES AMERICA STRONG

Testimony

of John Engler, President & CEO
National Association of Manufacturers

on behalf of the National Association of Manufacturers

before the Committee on Transportation and Infrastructure

U. S. House of Representatives

Hearing on Investing in Infrastructure: The Road to Recovery

October 29, 2008

1331 Pennsylvania Avenue, NW • Washington, DC 20004-1790
(202) 637-3000 • Fax (202) 637-3182 • www.nam.org

COMMENTS OF THE NATIONAL ASSOCIATION OF MANUFACTURERS BEFORE THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE U.S. HOUSE OF REPRESENTATIVES

OCTOBER 29, 2008

Chairman Oberstar, Ranking Member Mica and members of the Committee on Transportation and Infrastructure, thank you for the opportunity to testify today on behalf of the National Association of Manufacturers (NAM) about infrastructure investment and economic recovery.

The NAM is the nation's largest industrial trade association, representing small and large manufacturers in every industrial sector and in all 50 states. Three-quarters of the NAM's membership are small and medium manufacturers. Headquartered in Washington, D.C., the NAM has 10 additional offices across the country. We represent the nearly 14 million men and women who make and invent things in America.

The NAM's mission is to enhance the competitiveness of manufacturers by shaping a legislative and regulatory environment conducive to U.S. economic growth and to increase understanding among policymakers, the media, and the general public about the vital role of manufacturing to America's economic future and living standards. Manufacturers are reliant on our nation's vast interconnected network of roads, railways, airports, inland waterways, and seaports that support and supply every sector of the economy. While many of our members are predominantly reliant on motor carriers to deliver finished products to their customers, manufacturers rely on air freight to deliver time sensitive and high value cargoes, railroads for raw materials as well as finished products, the inland waterways for efficient and bulk-sized movements and seaports for export to overseas markets. The NAM believes that a renewed federal commitment to our nation's transportation infrastructure will help ensure our nation's manufacturing competitiveness. Transportation infrastructure and its ability to carry the weight of our economy safely, efficiently, and at a competitive cost to shippers and consumers alike, underlies the very core of our economic prosperity.

The manufacturing community welcomes your hearing because we believe increased public investment in our nation's deteriorating infrastructure accomplishes two major objectives. First, it will help prepare the nation for its rebound and second, it will help states and localities make progress on the growing backlog of transportation infrastructure projects that are critical to manufacturers. While infrastructure investment will not calm the financial markets or boost consumer confidence, a targeted approach to infrastructure in the stimulus bill will provide a solid return on investment and provide lasting economic benefits to American business and industry that will create tens of thousands of jobs and support one of the great engines of economic development and growth – transportation. Ivan Seidenberg, the CEO of Verizon recently remarked to the NAM's Board of Directors at our fall meeting that "if there was a lesson in the Wall Street and financial services implosion, it's the importance of allocating capital to those things that really add value, build businesses and create wealth for American workers and investors." From the perspective of the NAM, investing in our transportation infrastructure accomplishes just that and there is no better time than today to initiate a program that promises to maintain and improve our inland waterways, aviation, rail, roads, bridges, and highway infrastructure.

There is no question that tough economic times are ahead not just for the American economy, but also for our competitors and trading partners. International responses to the economic downturn range from Canada's willingness to engage in a transatlantic free trade agreement with its European Union trading partners to China's announcement last week that it would enact a stimulus measure to encourage continuation of exports through tax refunds and ramp up infrastructure spending on roads, airports, nuclear power plants and hydroelectric power stations. This infrastructure investment boost is on top of the current 12% of China's GDP dedicated to infrastructure spending. In Australia, the government passed a broad economic stimulus two weeks ago that fast tracks $600 million for roads and bridges to help better position the nation for economic recovery and the next resources boom. Here in the United States, dedicating federal resources to our inland waterways, aviation, rail and highway infrastructure will contribute to creating a stable economic climate that is centered on recovery and future growth.

Manufacturers are dependent on our nation's inland waterway system to move coal for power, petroleum for domestic manufacturing and consumer use as well as getting agriculture products to market for export. This cost effective and environmentally beneficial way to move goods will be in jeopardy if we do not adequately maintain and modernize our locks and dams along this often overlooked system. Excessive project delivery delays coupled with inadequate infrastructure investment levels already hamper the efficiency of the inland waterway system. We are behind in funding for major lock and damn modernization projects. Through our industry partners, we have learned that 16 lock and dam projects already approved by Congress could productively and quickly use $1 to 1.5 billion to expedite job-creating construction work associated with these projects. As you know, the Inland Waterway Trust Fund does not currently have sufficient resources to support this $1 to 1.5 billion expenditure level and funding for infrastructure included in a stimulus package could help alleviate this pressure and expedite this important job-creating infrastructure investment.

In addition, there's $500 million in high priority operation and maintenance work along the inland waterway system and funding this need will begin to address a critical backlog. Also, the American Society of Civil Engineers has identified an overall $7 billion need for all water resource systems under the jurisdiction of the Army Corps of Engineers. Hundreds of projects that include addressing the maintenance backlog, flood control, hydropower, navigation, water supply, and dredging could be accomplished in a national economic recovery program.

And it's not just our inland waterways that could use an immediate boost. Because adequate and long-term funding for our aviation infrastructure has also been postponed during the 110th Congress for a later date, the NAM believes that it is important to include aviation funding for our airports in the next stimulus. Because air travel is forecasted for growth over the next ten years and it's anticipated that the number of annual passengers will reach the one billion mark by 2015, the current and temporary slowdown in aviation provides the right circumstance to begin building the support network to meet the projected demands expected in just seven to eight years. According to the GAO, aviation system demand will grow from 45,000 flight operations per day to 61,000 flight operations per day by 2016. Airport construction projects that support safety, security and projected capacity needs could also be funded at $1 billion and create approximately 35,000 quality jobs that will support this staggering future growth. While the NAM strongly supports the transition to a satellite-based air traffic control system and all the benefits associated with a Next Generation Air Transportation System, we believe that building the "bricks and mortar" of aviation infrastructure today would help put air traffic modernization on a sustainable path moving forward and support future economic growth associated with the aviation sector. The current cost of relying on the bond markets to provide the short-term and long-term capital is far too high for our nation's airports and a federal source of additional financing will certainly help keep key infrastructure projects moving.

As we have witnessed, the effects of the current financial crisis are far reaching and have limited borrowing capabilities for both the public and private sectors. States are financially strapped and as a result, roads, highways and bridges are usually some of the first items to be deferred and slated to be accomplished at a later date when revenues return to state coffers. While I am sympathetic to those decisions made by the states, we have reached a breaking point in our nation's surface transportation infrastructure and we do not have the luxury to defer critical maintenance and capacity enhancing projects. Eighty-percent of our nation's freight moves across our nation's roads, highways, and bridges by truck. The deteriorating condition of our surface transportation infrastructure and the challenges associated with traffic congestion have a negative effect on the manufacturing economy beyond wasted time and fuel. Nearly 20% of our small and medium-sized manufacturers recently reported to us in a survey that they risked losing a customer due to bottlenecks and other traffic delays over the past five years. Further, the federal government is not in a position to tell the states to find the money because the cost of borrowing and bonding for states and localities is challenging, if not untenable given current market conditions. While we have a major surface transportation reauthorization just around the corner, we cannot and should not wait until September 30, 2009 to provide the states $18 billion in critical funding for transportation infrastructure projects that are ready to go.

The economy continues to deteriorate and market conditions will not improve overnight. Unfortunately, conditions in the manufacturing sector continue to decline and we believe a further weakening in the coming months is a reality. We are in this situation for some time, so I think the measures that Congress considers in the next stimulus need to address both short-term and long-term challenges. Targeting infrastructure that supports freight movements, which are projected to increase 70% by 2020, would provide critical support to American manufacturing. Federal investment in our highways and roadways do indeed achieve economic benefits to U.S. industry and we believe American manufacturers win when investment in infrastructure increases. A well-known study published in 1994 by two New York University economists concludes that highway investments lowered production and distribution costs in nearly every industry sector. Specifically, the study found that for every dollar invested in the non-local road system, U.S. industries realized production and distribution cost savings averaging 24 cents to the dollar, annually. Without question, transportation helps keep our economy moving and we need every sector of our economy functioning to break out of this economic downturn. Our global competitors – China, India, Japan and the European Union – already heavily invest public and private resources in infrastructure and as China just indicated, its government will allocate even more to infrastructure building in the wake of this downturn. To help keep American businesses and manufacturers competitive, we must do better than 2.4% of our GDP towards public infrastructure spending.

We know the projections looking ahead and the growing demands that will be placed on our transportation infrastructure are very real. By 2020, one-third of the entire Interstate Highway System will be congested, impairing both the reliability and increasing the cost of goods movement. For members of the NAM, access to a reliable and cost-effective transportation network by land, sea, and air is critical to their businesses and the nation's competitiveness in world markets. We believe the case is strong for the federal government to commit resources to transportation infrastructure projects that are ready to go and will provide meaningful, long-lasting public benefit in any type of economic environment.

Mr. Chairman, thank you for the opportunity to testify today and I will be happy to respond any questions.

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NARC
Building Regional Communities

National Association of Regional Councils
1666 Connecticut Avenue, NW Suite 300
Washington, DC 20009
202.986.1032 (tel) 202.986.1038 (fax)
www.narc.org

Written Statement for the Record

Gary L. Gallegos, Executive Director
San Diego Association of Governments
and
Board Member, Executive Directors Council
National Association of Regional Councils
1666 Connecticut Ave. NW
Washington, D.C. 20009
(202) 986-1032x212

Before the U.S. House of Representatives
Committee on Transportation and Infrastructure
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Good morning and thank you, Chairman Oberstar, Ranking Member Mica and members of the Committee. I am honored to be before you today with the opportunity to testify on the important role our nation's regions play in directing federal investments in infrastructure.

I am Gary Gallegos, the Executive Director of the San Diego Association of Governments (SANDAG), located in San Diego, California, and an Executive Director's Council board member of the National Association of Regional Councils (NARC). I am here today to stress the need for federal-level investment in our nation's infrastructure, and to illustrate how Regional Councils and Metropolitan Planning Organizations effectively and successfully plan intermodal transportation networks, and link policy concerns with practical solutions.

The National Association of Regional Councils is a national, non-profit trade organization that serves as the national voice for regionalism, advocating for multi-regional cooperation as the most effective way to address community planning and development opportunities and issues. NARC is governed by local elected officials and represents member organizations composed of multiple local governments that work together to improve America's communities - large and small, urban and rural. Through advocacy and assistance, NARC's mission is to increase funding and authority for all regional councils and metropolitan planning organizations (MPOs), regardless of their size or location, and to strengthen American regions and communities in transportation, economic and community development, homeland security, and the environment.

Regional councils deliver an array of federal, state and local programs that provide planning support and technical assistance to local governments. The network of nationwide regional councils includes organizations such as Metropolitan Planning Organizations (MPO), Councils of Government (COG), Rural Planning Organizations (RPO), Economic Development Districts (EDD) and Local Development Districts (LDD). Most regional councils are created by compact and enabling legislation as consortia of local governments. Their mission is the delivery of services and programs for economic development, first responder and 9-1-1, health care, infrastructure development, aging services, air and water quality, land-use planning, work force development, and transportation planning at a regional level. MPOs are mandated under federal law and as such have important responsibilities in planning and programming federal transportation dollars at the local and regional level. As such, regional councils and MPOs represent local elected officials from cities, counties, townships, and villages.

The San Diego Association of Governments is a statutorily created consolidated agency serving the more than 3 million residents of the San Diego region. The 18 cities and county governments comprise SANDAG, which serves as the forum for regional decision-making. SANDAG builds consensus, makes strategic plans, obtains and allocates resources, plans, engineers, and builds public transportation, and provides information on a broad range of topics pertinent to the region's quality of life.

In addition to transportation, SANDAG's regional work includes population and employment growth forecasts, habitat planning, housing, census, energy, economic prosperity, public safety, binational and interregional planning, and shoreline preservation. The agency's program budget for the fiscal year beginning July 1, 2008, totals $966 million, which includes a $56 million overall work program with the remainder dedicated to the capital program. As the federally designated MPO, SANDAG is responsible for regional transportation planning and programming of federal, state, and local funding **(attachment 1)**.

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SANDAG has responsibilities far beyond what is required by the federal government for a metropolitan planning organization. In addition to the federal MPO designation, SANDAG is designated by the State of California as the Regional Transportation Planning Agency (RTPA) for San Diego County. There is some overlap in these two designations; both require the agency to develop a long-range regional transportation plan as well as a shorter-term regional transportation improvement program.

Most importantly, and unlike many of our COG and MPO colleagues nationwide, the augmented state responsibilities vest in SANDAG *the authority to decide and direct where state and federal funding in the region will be used.* California has independent – and unique – regional participation requirements. Senate Bill 1435 (1992) required subvention of federal Surface Transportation Program (STP) and Congestion Mitigation and Air Quality (CMAQ) programming decisions to MPOs/RTPAs, and Senate Bill 45 (1997) gave the same regional agencies the responsibility for programming state dollars (State Transportation Improvement Program funds). Vesting this degree of authority within the regional planning agencies is, in large part, what has helped SANDAG become so successful at moving infrastructure projects.

Further, on January 1, 2003, a state law (Senate Bill 1703) consolidated all of the roles and responsibilities of SANDAG with many of the transit functions of the two regional transit agencies. The consolidation gave SANDAG responsibilities for transit planning, funding allocation, project development, and eventually construction in the San Diego region in addition to its ongoing transportation responsibilities and other regional roles.

All of NARC's members, SANDAG included, support this Committee's efforts to create and maintain a robust transportation network, and commend the Committee's commitment to a strong federal partnership with our nation's local elected officials. NARC and its members welcome the Committee's questions in addressing the needs, opportunities, and challenges facing our nation's regional organizations and constituent local governments.

Mr. Chairman, the financial realities of underinvesting in infrastructure are significant at the local level. The report by the National Surface Transportation Policy and Revenue Study Commission, reiterated that, since 1980, the federal commitment to infrastructure spending has remained stagnant, while the commitments of both state and localities have continued to increase.

The U.S. Chamber of Commerce's *Future Highway and Public Transportation Finance Study* states that our nation needs to invest an additional $50 billion annually to maintain our infrastructure network, and another $100 billion annually to improve it. Another panelist at today's Committee hearing, the American Society of Civil Engineers, has given the nation's transportation network a "D" grade, estimating that $1.6 trillion is needed over the next five years for infrastructure upgrades.

Additionally, analysis by the consulting firm Moffatt & Nichol reports that as the economy softens, more companies are moving their operations overseas in search of cheaper markets, thereby eliminating American jobs. This creates a secondary pressure of increased imported goods moving through U.S. ports and border crossings, adding to highway and rail traffic congestion as goods move to market.

All of our regions, as studied by NARC, face severe underinvestment as needs outstrip our ability to fund critical infrastructure. Both urban and rural America are sitting on billions of dollars of unfunded, dormant

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infrastructure projects. For example, the Detroit metropolitan region has identified an unfunded $30 billion worth of transportation projects. In smaller Huntington WV, the region has identified over $600 million in needed transportation improvements and only $230 million in anticipated revenue.

The nation's regional planning agencies are currently working on their comprehensive transportation plans to create a vision of what users of a system in the year 2040 will need, and are planning for approximately 120 million projected additional users by 2050.

Regional planning agencies are today's "boots on the ground" planners and implementers of tomorrow's regional infrastructure. In order to continue our successful efforts, regional planning organizations need a strong federal partner and decisive federal leadership to help make safe and secure transportation a reality. If the federal government wishes to be part of a unified solution tomorrow, federal leadership needs to be at the table today.

Mr. Chairman, the convergence of a softening economy, rising unemployment, forecasted population growth, and the clear need for substantial investments in the country's infrastructure network provides us with the opportunity to address our nation's infrastructure. The question is – how can Congress best direct funding not only to provide family-wage jobs, but also to create a world class, globally competitive transportation system in the process? Let me offer San Diego as a successful example of progress toward that goal.

The San Diego Example

The State of California and SANDAG are pressing forward with many "Self–Help" projects. At the local level, our region's voter-approved, half-cent local sales tax program, *TransNet* **(attachment 2)**, which has been an important element in constructing, expanding, and maintaining the network of highway, public transit, and local street and roads in San Diego County. Due to the program's success in accomplishing its goals and SANDAG's good work in communicating these accomplishments, in 2004, 67 percent of the region's voters approved a 40-year extension of *TransNet*. Today, SANDAG administers a $14 billion *TransNet* sales tax program that will fund highway, transit, local streets, smart growth and bicycle/pedestrian projects, and environmental mitigation efforts through 2048. SANDAG also operates several commuter programs, including the Interstate 15 FasTrak® program (allowing single-occupant vehicles to use the I-15 Managed Lanes for a fee), the RideLink Transportation Demand Management program (carpool/vanpool programs, 511 transportation information service, and other commuter-oriented programs), and a Freeway Service Patrol (providing service for stranded motorists on all major highways).

The State of California also has made an investment in the state's infrastructure. In 2006, voters approved nearly $43 billion in statewide infrastructure bonds to address transportation, housing, public education, and water projects. These infrastructure bonds have helped to keep California's economy moving during hard economic times. The California Infrastructure Commission Report found that every $1 billion of transportation spending in California creates approximately 18,000 new jobs in the state.

Additionally this November, California voters will decide the fate of a $9.95 billion bond to create the nation's first high-speed rail system connecting Northern and Southern California. The statewide high-speed rail project, if approved, is expected to create more than 160,000 new jobs in California. For the

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San Diego region, this translates to 45,000 new jobs according to the San Diego Institute for Public Research.

Innovation that Moves You

In September 2008, SANDAG opened the first 4.5 mile segment of our Interstate 15 Managed Lanes. When fully completed, this project will create a 20-mile multimodal facility in the median of Interstate 15. It will feature a four-lane Managed Lane facility with a movable barrier; multiple access points to the regular highway lanes; and, direct access ramps for buses, carpools, and FasTrak customers (paying solo drivers). A high-frequency Bus Rapid Transit (BRT) system also will operate in the Managed Lanes.

This $1.3 billion project is an example of a successful partnership among federal, state, and local governments. To complete the initial segments of the Managed Lanes, SANDAG has invested $176 million in *TransNet* local sales tax funds, and successfully competed for $400 million in funding from the California infrastructure bonds (Proposition 1B, 2006) by illustrating the employment, labor income, financial output and taxes generated by our proposed projects. Congress has appropriated less than $10 million for the project, with a combination of annual appropriations as well as an appropriation in SAFETEA-LU. With full funding, we would be on track to complete the 20 miles of Managed Lanes by 2012.

At the regional-level, we have the drive and ambition to undertake and deliver major transportation infrastructure projects. With Caltrans, our state Department of Transportation, we have employed an alternative delivery method known as design-sequencing to advance the Interstate 15 Managed Lanes **(attachment 3)**. And we are working hand-in-hand with our public transit partners to develop and implement the first BRT system in San Diego using these same Managed Lanes and serving a strong commuter market in the Interstate 15 corridor.

The Interstate 15 Managed Lanes projects is just one several major Early Action infrastructure projects that SANDAG is advancing in order to improve the region's transportation infrastructure and tackle growing traffic congestion head-on. In January 2005, shortly after passage of the *TransNet* Extension in late 2004, the SANDAG Board of Directors adopted an aggressive Early Action Program to accelerate a variety of high-priority regional transportation projects. These major construction and infrastructure projects include Interstates 5, 15, and 805, and State Highways 52 and 76; the Mid-Coast Corridor Transit Project (Trolley) from Old Town to the University of California, San Diego campus and the University City community; the Super Loop Transit Project, also in the University City community; and BRT projects along the interstate corridors.

While the new sales tax revenues would not begin flowing until April 2008, our financial analysis determined that it made sense to advance the funding through bonds to deliver the Early Action Program. The benefits of delivering the program early, combined with the project cost escalation that could be avoided with the use of bonding, were estimated to exceed the interest costs on the bonds. SANDAG subsequently approved a financial strategy for implementing the Early Action projects that included expanding the existing commercial paper program to $335 million and issuing $600 million of long-term variable rate debt in April 2008.

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The tremendous progress that we have made on the Interstate 15 Managed Lanes is based on a decision that the region made several years ago to focus on major corridors – not just individual transportation projects. With Interstate 15, we planned for, secured environmental clearance, and developed the concept for the entire corridor. This "accordion approach" allowed us to envision what was needed over the long-term and at the same time be competitive and get projects to construction as funding became available.

Mr. Chairman, SANDAG is continuing to press the envelope in innovation in the San Diego region by undertaking a third border crossing project in partnership with Caltrans. In September, Governor Schwarzenegger signed into law California Senate Bill 1486 by State Senator Denise Ducheny. This legislation provides SANDAG with the authority to set, levy, and collect tolls or fees for the use of a new highway – State Route 11 and a new border crossing – the Otay Mesa East Port of Entry **(attachment 4)**. SANDAG plans to bond against these tolls/user fees to advance construction of the new border crossing and state highway.

The new Otay Mesa East Port of Entry will help reduce traffic delays at the existing San Ysidro and Otay Mesa Ports of Entry and will provide an alternative crossing for commercial traffic. Each day, an estimated 62,000 vehicles, more than 25,000 pedestrians, and nearly 3,000 trucks cross the U.S.-Mexico border northbound at our existing crossings **(attachment 5)**. Typical peak period wait times exceed two and a half hours. Our recent research shows that California loses $3.9 billion due to these border crossing delays, and the lost economic opportunity in San Diego alone exceeds $3.3 billion.

The construction of this project is expected to provide 8,200 jobs in our region for a total of $464 million in labor income. Additionally the combined operation of the new Otay Mesa East border crossing, State Route 11, and State Route 905 highways will bring in 34 million jobs and $1.2 billion in labor income to our region.

Arguably, a new international border crossing is a federal responsibility. However, SANDAG's Board of Directors – locally elected mayors, council members, and county supervisors, along with business and community leaders, recognize the importance of border infrastructure improvements to our own economy. While Mexico is the United States' third largest trading partner, it is California's number one export market. Trade also is the fastest growing component of the San Diego regional economy. Our local leaders realize that to get the new border crossing project off the ground, local investments are needed sooner to strengthen and sustain our local and regional economies. The State of California also has acknowledged the importance of this new project. Through Caltrans, the state has been leading the way to secure a Presidential Permit for the Otay Mesa East Port of Entry as well as the environment clearances for both the border crossing and the planned State Route 11 highway. We expect to break ground on this project no later than 2013.

Making the Case for Federal Investment

State and regional agencies like SANDAG have moved forward aggressively to continue to address state, regional and local transportation challenges, but we cannot invest in our nation's infrastructure alone. We as a nation recognized the value of building a national transportation network under the successful Interstate Highway Program of President Dwight D. Eisenhower's Administration. Today, we have an even more urgent need to rebuild and grow our national intermodal transportation system.

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Highways, transit, ports, border crossings, and rail infrastructure need focused attention and focused investment.

The nation's economic woes have been felt at all levels of government. According to the UCLA Anderson forecast, unemployment in California is expected to stay in the middle seven percent range next year, because the state economy is not producing the jobs required for new entrants to the labor force. The California housing market also will continue to get worse, before it gets better. Locally, we have seen our *TransNet* sales tax revenues shrink. *TransNet* sales tax receipts for fiscal year 2008 were 1.4 percent less than the prior fiscal year, with the quarter ending June 2008 4.5 percent lower than the same quarter of last year. There appears to be a growing consensus nationwide that the economic slowdown will continue to have significant effects on revenues now and into all of 2009.

Here in San Diego, the decline in local sales tax-based revenues will have effects on all transportation agencies. For our public transit partners, the financial impact during fiscal year 2009 is estimated be $5.1 million less revenue for the San Diego Metropolitan Transit System, and a $2.1 million loss for the North County Transit District. These shrinking revenues are occurring at the same time that public transit agencies in San Diego and across the country are facing high fuel prices and increased demand for services. Faced with declining local *TransNet* sales tax revenues and the tightening of the municipal credit market, local jurisdictions also are postponing capital improvement projects. The decline of *TransNet* revenues is expected to result in $4.7 million less funding for the *TransNet* Major Corridor Program during fiscal year 2009.

Yet we continue to see an overwhelming number of infrastructure needs, and limited resources in both the County of San Diego and the State of California. According to the U.S. Census Bureau, California ranks 48th in investment in highways, and 40th in overall infrastructure investment based on personal income. This is despite the multi-billion dollar infrastructure bond measures passed by California voters in 2006, and the billions of transportation dollars invested by the self-help local sales tax measures currently in effect in 19 California counties. The success of SANDAG's own $14 billion *TransNet* program will rely on leveraging our local sales tax funding with an equal amount of matching funds from other sources (a combination of state and federal dollars) to implement the more than 40 major highway and transit corridor projects in the 40-year program.

Federal investment is necessary, and it is needed now. There have been small rays of hope during this troubled economic time. Many of our recent bid openings for major transportation infrastructure projects in the San Diego region have come in lower than originally estimated. Just last week, the contractor's bid for construction of the north segment of the Interstate 15 Managed Lanes came in 12 percent less than the engineer's estimate. If we can get infrastructure projects ready and out the door, we can take advantage of an opportunity to improve our transportation system, and at the same time give our economy a much needed jumpstart.

As Congress contemplates a possible second economic stimulus, we urge you to consider infrastructure investments in the overall package. San Diego, like many other regions across the nation, will benefit from federal investments in infrastructure. Our region is poised with a number of "ready-to-go" transportation projects, some of which include:

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Project	Description	Cost
SR 905	Construction of new highway between Interstate 805 and Otay Mesa Border Crossing	$25 million
SR 125/SR 905 Interchange	New freeway-to-freeway interchange.	$25 million
Buses on Shoulders System (BOSS)	New bus service from Otay Mesa to Chula Vista and Sorrento Valley utilizing the Interstate 805 freeway median shoulders and a bus guidance system	$6 million
San Diego Trolley Blue Line Upgrades	Installation of crossovers as an initial phase to retrofitting the light rail transit (LRT) line for low-floor vehicle operation; realignment of track at Civic Center Drive in National City	$16 million
New LRT Low-Floor Vehicles	Purchase new low-floor vehicles for San Diego Trolley Blue Line	$25 million
Articulated CNG-Powered Buses	26 sixty-foot buses equipped with automatic passenger counters	$15 million
CNG Powered Buses	55 forty-foot buses equipped with automatic passenger counters	$22 million
Regional Fiber Optic Network Expansion	Expands MTS and Caltrans fiber optic network	$25 million
Regional Rail Grade Separations	LRT grade separations within Chula Vista	$3 million

Federal leadership and stimulus funds will help regions across the country take ready to go projects from concept to completion. In addition, regions and states also would benefit from concerted efforts to streamline federal processes. With cooperation and determination, federal, state and local partners can work together to get projects to construction more quickly. From our past experience rebuilding from the California earthquakes, major infrastructure projects were able to move into construction in a matter of months over the standard process of two to four years.

Conclusion

Mr. Chairman, we continue to live off the infrastructure investments made by the federal government as long ago as the Great Depression. Where would the entire Southwestern portion of the nation be without the Hoover Dam? In the San Diego region, we have reaped benefits for generations from Depression era infrastructure investments like the construction of much of San Diego State University. We need a similar vision and commitment from the federal government today.

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Washington, DC 20009
202.986.1032 (tel) 202.986.1038 (fax)
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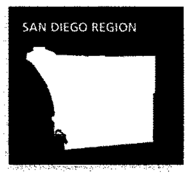
Mr. Chairman, as we face our own challenging economic times, we join other regions across the country to encourage Congress to use the power of federal investment to stimulate the economy, create jobs and make the same lasting impression on the nation's infrastructure in the 21st century as our nation's leaders did in the 20th century.

Regional planning agencies such as SANDAG stand ready to partner with federal and state governments to deliver high-caliber infrastructure projects to rebuild America and put us on a path to economic recovery and prosperity.

Mr. Chairman and members of the Committee, on behalf of SANDAG and the National Association of Regional Councils, I thank you for the opportunity to testify before you today.

SANDAG: *San Diego Association of Governments*
FACT SHEET



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401 B Street, Suite 800
San Diego, CA 92101
(619) 699-1900
Fax (619) 699-1905
www.sandag.org

A Forum for Regional Decision-making

The 18 cities and county government are SANDAG serving as the forum for regional decision-making. SANDAG is the San Diego region's primary public planning, transportation, and research agency, providing the public forum for regional policy decisions about growth, transportation planning, environmental management, housing, open space, energy, public safety, and binational topics. As a result of Senate Bill 1703, which consolidated all of the roles and responsibilities of SANDAG with many of the transit functions of the Metropolitan Transit System (MTS) and the North County Transit District (NCTD), SANDAG also is responsible for transit planning, funding allocation, project development, and construction in the San Diego region.

Leadership

SANDAG is governed by a Board of Directors composed of mayors, councilmembers, and county supervisors from each of the region's 19 local governments (with two representatives each from the City of San Diego and the County of San Diego). Voting is based on membership and the population of each jurisdiction. Supplementing these voting members are advisory representatives from Imperial County, Caltrans, MTS, NCTD, the U.S. Department of Defense, San Diego Unified Port District, San Diego County Water Authority, Southern California Tribal Chairmen's Association, and Mexico.

Regional Responsibilities

Current major initiatives include early delivery of transportation projects utilizing *TransNet* and Proposition 1B funds; implementation of a third border crossing and connecting highway improvements in East Otay Mesa; development of planning, funding, and execution strategies for a Quality of Life program that will include regional infrastructure investments in the areas of habitat conservation, water quality, shoreline preservation, public transportation, and other potential infrastructure areas; collaboration with the San Diego Regional Airport Authority on airport planning, and addressing the impacts of transportation and land use on greenhouse gas emissions.

Other areas of continued emphasis include implementing sustainable Transportation Demand Management programs by expanding the 511 traffic information system and Compass Card program, and utilizing performance measures to ensure effective transportation network management; continuing collaborative efforts among SANDAG, Caltrans, and local jurisdictions to address future transportation and planning needs; continuing Interregional planning efforts between SANDAG and partner agencies in neighboring counties, Mexico, and tribal nations; and implementing smart growth concepts contained in the Regional Comprehensive Plan.

Monthly Board of Directors and Policy Committee meetings provide the public forums and decision points for significant regional issues. Citizens and representatives from community, civic, environmental, education, and business groups are involved in the planning and approval process by participating in committees, workshops, and public hearings.

Budget

Each year, SANDAG adopts an overall work program and budget with federal, state, and local funds to support its regional responsibilities. The fiscal year 2009 program budget, covering the period July 1, 2008, through June 30, 2009, totals $966 million, including the $55.9 million overall work program and the annual portion of the Capital Program in the amount of $650 million.

(Continued on reverse)

THE SANDAG BOARD OF DIRECTORS

The 18 cities and county government are SANDAG serving as the forum for regional decision-making. SANDAG builds consensus; plans, engineers, and builds public transit and transportation projects; makes strategic plans; obtains and allocates resources; and provides information on a broad range of topics pertinent to the region's quality of life.

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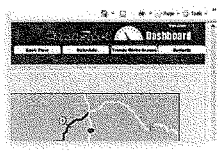
Cónsul General of Mexico

As of July 1, 200

TransNet FACT SHEET

www.KeepSanDiegoMoving.com

The region's window to in-depth information on the TransNet Early Action Program, KeepSanDiegoMoving.com includes project descriptions, construction schedules, public meeting notices, maps, and news releases.



The TransNet Dashboard, an interactive, online reporting tool, provides the public with timely information on how TransNet tax dollars are spent. This Web-based tool is a key element of KeepSanDiegoMoving.com.

SANDAG

401 B Street, Suite 800
San Diego, CA 92101
(619) 699-1900
Fax (619) 699-1905
www.sandag.org

Expanding the transportation network
Travel north, south, east, or west in the San Diego region and you will see the results of the *TransNet* program, which for 20 years has funded highway expansions, Trolley extensions, pedestrian-friendly projects, bikepaths, local road improvements, and transit programs throughout the entire region.

In 1987, San Diego County voters recognized the challenge to keep San Diego residents, visitors, and commerce on the move, and they approved *TransNet*—a regional half-cent sales tax collected to finance transportation improvements.

That initial 20-year *TransNet* program generated approximately $3.3 billion between 1988 and 2008. SANDAG, which administers *TransNet* funds, distributed the money in equal thirds among transit, highway, and local road projects. In addition, $1 million was earmarked annually for bicycle paths and facilities. The program also funded seven innovative Walkable Community Demonstration Projects in Encinitas, San Marcos, Oceanside, El Cajon, and the communities of North Park, Golden Hill, and Clairemont in the City of San Diego.

***TransNet* Extension**
In November 2004, more than 67 percent of voters countywide approved the extension of *TransNet* to 2048. The 40-year extension will generate more than $14 billion for transportation improvements, with the funds allocated using a similar formula—dedicated to transit, highway projects, local roads , and other new programs.

The extension will help fund major highway expansion projects along Interstates 5, 8, 15, and 805, as well as State Routes 52, 54, 56, 67, 76, 78, 94, 125, 905, and numerous local road projects. In addition, it will support a robust public transportation system, including new BRT services and carpool/Express Lanes along many of the major transportation corridors.

The *TransNet* extension includes some added features over the initial program. It supports an innovative $850 million environmental mitigation program to offset the impacts of future transportation improvements while at the same time reducing overall costs and accelerating project delivery. The extension also provides for a $280 million smart growth incentive fund. In addition, approximately $5 million a year of the available funds will go to bicycle paths and facilities, pedestrian improvements, and neighborhood safety projects. The extension also created the Independent Taxpayer Oversight Committee to monitor the expenditure of *TransNet* funds.

***TransNet* Dollars**
Keep San Diego Moving
TransNet is a success story — adding 227 lane miles of highway; financing more than 800 local road projects; and expanding regional transit with 85 miles of trolley and commuter rail lines, as well as providing discounted transit passes for disabled people, seniors, and students. For additional information and documents, visit: www.sandag.org/transnet

(Continued on reverse)

Previous TransNet Successes:

- San Diego Trolley extended to Santee, Old Town, and through Mission Valley to San Diego State University and La Mesa.
- COASTER Commuter Rail opened between Oceanside and San Diego.
- State Route 52 extended from I-15 to Santee.
- State Route 125 completed from Spring Valley to Santee.
- South Bay and East County communities connected via major expansions of State Routes 54 and the South Bay Expressway.
- State Route 56 completed linking I-15 to I-5.
- State Route 76 widened through the City of Oceanside.
- State Route 78 widened to six lanes and many interchanges upgraded.
- Sprinter light rail opened connecting Oceanside and Escondido.

TransNet

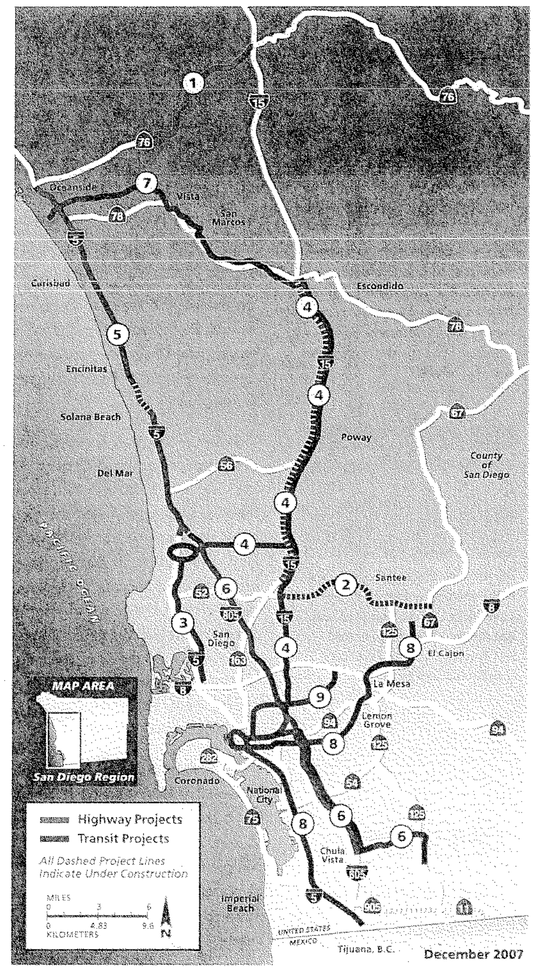
Early Action Projects

1. SR 76 - Widening
2. SR 52 - Widening and Extension
3. Mid-Coast and Super Loop Transit
4. I-15 Managed Lanes and Bus Rapid Transit (BRT)
5. I-5 North Coast Corridor - Environmental Effort and HOV Lanes
6. I-805 Corridor - Environmental Effort & BRT
7. ✓ SPRINTER - Oceanside to Escondido
8. Trolley - Vehicle and Station Upgrades (Blue and Orange Lines)
9. Mid-City Rapid Bus

✓ - *Project Completed*

The *TransNet* Early Action Program

With the goal of efficiently using *TransNet* extension funds going forward, SANDAG created the Early Action Program to expedite congestion relief. The program focuses on jump starting construction of the region's top priority transportation infrastructure projects.

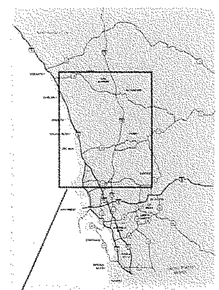


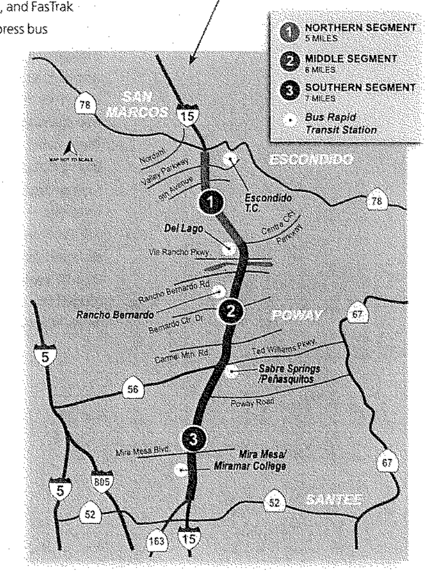
I-15 MANAGED LANES
FACT SHEET

TransNet *Funded Project*

The Project

This project will build on the success of the I-15 High Occupancy Vehicle (HOV) Lanes and FasTrak® program by creating a 20-mile Managed Lanes facility in the median of I-15 between State Route 163 (SR 163) and State Route 78 (SR 78). Once completed, it will feature a four-lane Managed Lane facility with a movable barrier (similar to the movable barriers on the San Diego–Coronado Bridge); multiple access points to the regular highway lanes; and direct access ramps for buses, carpools, and FasTrak customers. A high-frequency express bus system, known as Bus Rapid Transit (BRT), will operate in these Managed Lanes.





The Need

The average daily traffic on I-15 ranges from 170,000 to 295,000 vehicles, with daily commute delays ranging from 30 to 45 minutes in the general purpose lanes. The I-15 FasTrak program successfully demonstrates that value pricing can be an effective tool for increasing use of an HOV facility while maintaining free-flow conditions on the facility.

Project Costs

The total costs for the freeway improvements and the transit elements of the I-15 Managed Lanes are estimated at $1.76 billion (2006 dollars).

(Continued on reverse)

SANDAG

401 B Street, Suite 800
San Diego, CA 92101
(619) 699-1900
Fax (619) 699-1905
www.sandag.org

Project Status

The Managed Lanes will be constructed in three phases (see map). The Middle Segment will be the first phase of the Managed Lanes to be constructed. It is scheduled to open to traffic in 2008. The movable barrier allows for up to three added lanes available to drivers during rush hours in the peak direction.

- Carpools and I-15 FasTrak users will enter and exit the Managed Lanes from the freeway lanes at seven access points along I-15.
- A BRT system will operate in the Managed Lanes by 2012. Transit stations and park and ride lots will be located along I-15 and will be connected to the Managed Lanes via direct access ramps. These direct access ramps will allow both BRT buses, carpoolers, and I-15 FasTrak customers to bypass freeway on-ramps.
- SANDAG approved implementing electronic tolling on the Managed Lanes for solo commuters. The tolls will be charged on a per-mile basis that is based on traffic conditions.

Funding Status

To date, SANDAG and Caltrans have secured $176 million in *TransNet* funds for the complete construction of the Managed Lanes. Recently SANDAG secured $350 million from the Corridor Mobility Improvement Account and an additional $50 million in State Transportation Improvement Program augmentation from the California Transportation Commission. To date, Congress has appropriated $4.7 million (FY 2004 $2 million; FY 2005 $1.7 million; FY 2006 $1 million) and $5 million was included in SAFETEA-LU.

STATE ROUTE 11 AND OTAY MESA EAST PORT OF ENTRY

FACT SHEET

Project Description

State Route 11 and a new federal port of entry (POE) will improve the efficient movement of people, goods, and services between the United States and Mexico. This project proposes construction of SR 11, a new four-lane freeway, and a new POE located in the unincorporated community of East Otay Mesa within the Otay Subregional Planning Area in the southernmost portion of San Diego County. From the SR 125/SR 905 interchange, SR 11 would extend east approximately 2.5 miles to the proposed Otay Mesa East POE at the U.S.-Mexico border.

SR 11 includes two travel lanes in each direction and a truck bypass road between the POE and the existing state Commercial Vehicle Enforcement Facility (CVEF). Proposed structures include overcrossings at Enrico Fermi and Siempre Viva Roads and a connector road to the CVEF. Caltrans is the lead agency for design and construction of SR 11.

The proposed Otay Mesa East POE would be located approximately two miles east of the existing Otay Mesa POE. The proposed 100 acre site would be sufficient to accommodate all the federal agency and security functions currently anticipated to be necessary for the long-term effective operation of an international POE.

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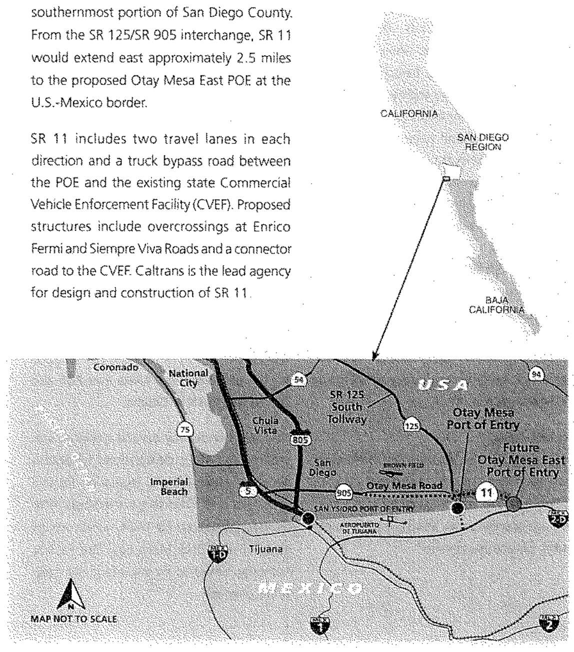

SANDAG
401 B Street, Suite 800
San Diego, CA 92101
(619) 699-1900
Fax (619) 699-1905
www.sandag.org

The U.S. General Services Administration is the lead agency for design and construction of the new POE.

The Need

The San Diego and Tijuana region is the largest urban area along the entire U.S.-Mexico border, with a combined population of more than four million people. This combined population is anticipated to grow to more than 5.5 million by the year 2020. Two international POEs, San Ysidro and Otay Mesa, currently link San Diego and Tijuana. The new POE at Otay Mesa East will help reduce traffic at the two existing San Ysidro and Otay Mesa land ports. The capacities of the existing U.S. and Mexican POEs in the region are currently being exceeded at certain times of the day and the year, causing excessive border wait times for those making both commercial and personal trips. Trade and travel in this area are forecasted to continue to grow rapidly, and border delays are expected to increase correspondingly. SR 11 becomes a critical facility to connect the new POE with the regional highway system via SR 905 and SR 125. The new Otay Mesa East POE and SR 11 will alleviate long and unpredictable crossborder delays at the San Diego-Tijuana POEs and also improve air quality by reducing truck and passenger vehicle emissions due to idling and traffic congestion.

Project Costs

The project cost for both the four-lane freeway and the POE is currently estimated at $715 million. The TCIF request is for $75 million to leverage approximately $640 million in public and/or private investments.

Project Financing and Revenues

Currently, a total of $13.8 million is programmed to prepare the environmental document. On behalf of Caltrans, SANDAG conducted a financial feasibility assessment for both the new freeway and the POE. The primary objective of the study was to determine the financial feasibility of building SR 11 and the Otay Mesa East POE as toll- or fee-based facilities. Traffic, revenue, cost, and financial risk models were developed for this analysis. The study concluded that the toll option is a potentially good investment provided that there are sufficient external resources to cover the capital, operations, and maintenance costs of the POE. SR 11 cannot be considered without the Otay Mesa East POE. Public participation would be necessary to attract sufficient private capital and finance construction and management of the POE.

A more complete financial analysis will be conducted to explore the potential of non-toll revenues (e.g., development fees, interest earnings on operating reserves) to make up revenue shortfalls, especially in POE O&M costs (e.g., baseline staffing paid by CBP and additional staffing covered by tolls/fees). This analysis needs to complement a similar analysis performed by Mexican counterparts for the proposed Otay Mesa East POE and connecting roads in Tijuana.

Next steps underway include working with federal and state delegations to obtain necessary approvals and legislation for toll/user fees and finance partnerships. The recently introduced SB 1486, which would establish the Otay Mesa East Toll Facility Authority, serves as an important first step in this direction.

Project Status

The project currently is in the environmental stage and will be completed in two phases. Phase 1 is a Programmatic Environmental Impact Report/Environmental Impact Statement. A draft was completed in January 2008. The purpose of the Phase 1 document is to identify and preserve a corridor for the future SR 11, and the future Otay Mesa East POE in San Diego County. Phase 2 will be a project specific document and will be completed in late 2009.

A Presidential Permit application for the POE was submitted to the Department of State in January 2008. Both the Phase I Environmental Document and Presidential Permit are expected to be approved in Spring 2008.

2007 UPDATE:
ECONOMIC IMPACTS OF WAIT TIMES IN THE SAN DIEGO–BAJA CALIFORNIA BORDER REGION
FACT SHEET

JURISDICTIONS OF THE SAN DIEGO REGION

City of Carlsbad
City of Chula Vista
City of Coronado
City of Del Mar
City of El Cajon
City of Encinitas
City of Escondido
City of Imperial Beach
City of La Mesa
City of Lemon Grove
City of National City
City of Oceanside
City of Poway
City of San Diego
City of San Marcos
City of Santee
City of Solana Beach
City of Vista
County of San Diego

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SANDAG

401 B Street, Suite 800
San Diego, CA 92101
(619) 699-1900
Fax (619) 699-1905
www.sandag.org

Inadequate infrastructure capacity at the border crossings between San Diego County and Baja California currently creates traffic congestion and delays for cross-border personal trips and freight movements that cost the U.S. and Mexican economies an estimated $7.2 billion in foregone gross output and more than 62,000 jobs in 2007.

Two-hour or longer delays in freight movement at the Otay Mesa – Mesa de Otay and Tecate –Tecate ports of entry are significantly impacting productivity, industry competitiveness, and lost business income at the regional, state, and national level.

The Otay Mesa – Mesa de Otay Port-of-Entry (POE) is the busiest commercial border crossing between California and Mexico. In 2006, this POE handled more than 1.4 million trucks and $28.6 billion worth of goods in both directions, which represents the third highest dollar value of trade among all land border crossings between the United States and Mexico. Another $1.2 billion in merchandise and more than 140,000 trucks crossed at the Tecate –Tecate POE.

Trade is the fastest expanding component of the San Diego regional economy. Mexico is the United States' third largest trading partner (after Canada and China) and California's number one export market. Inadequate and aging infrastructure and more stringent security requirements create congestion at these two commercial border crossings.

Added wait times also discourage personal trips across the border at the San Ysidro, Otay Mesa, and Tecate POEs. In 2007, delays at the border are expected to contribute to a loss in output that exceeds $2.9 billion and a loss in employment of more than 40,000 jobs for the San Diego region and Baja California combined.

Border delays in freight movement result in increased transportation costs and interruptions in manufacturing and delivery cycles. It is estimated that at today's level of

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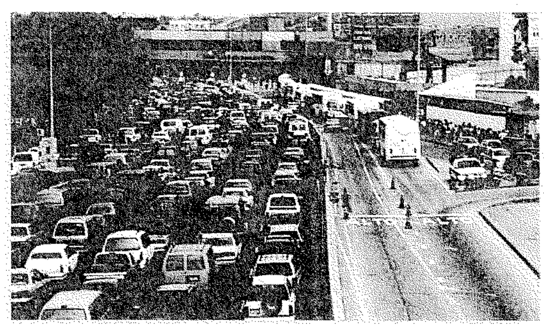
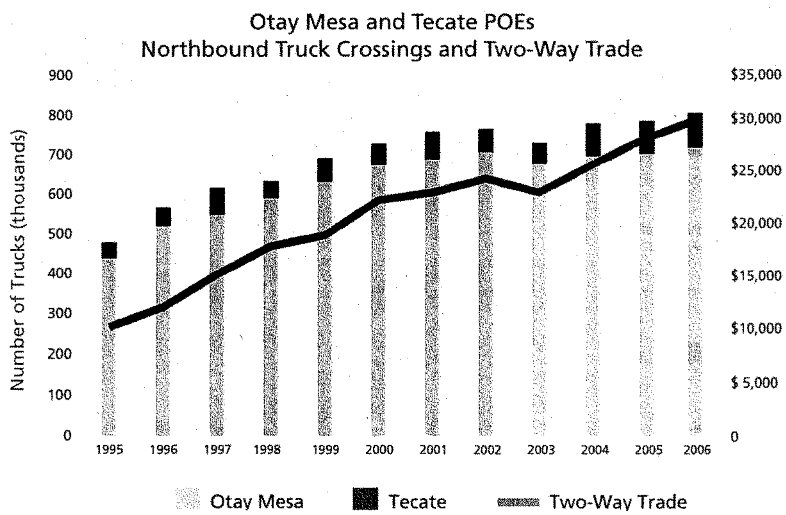


processing time at the border — more than two hours per truck—San Diego County loses $539 million in annual revenue from reduced freight activity. This translates into more than 2,900 jobs or $155 million in lost labor income a year in 2007. Labor income losses fall heavily in the machinery and equipment sector.

In 2007, the overall impact at the state level is anticipated at $847 million in foregone output and $242 million in labor income losses (or more than 4,300 jobs). For the United States, total output losses are estimated at $1.5 billion and employment losses at more than 9,000 jobs in 2007.

The overall economic impacts of delaying trucks at the border are substantially higher on the Mexican side of the border than the American side. For Baja California, total output losses are expected to amount to $1.6 billion and 8,200 jobs annually in 2007. Though the machinery and equipment sector is the most affected in terms of output losses, manufactured goods and agricultural and food products experience most of the jobs lost. For Mexico, total impact is estimated at $2.4 billion in lost output and about 12,900 fewer jobs in 2007.

SANDAG, in partnership with Caltrans, developed an economic model to assess the magnitude of regional economic impacts resulting from delays at the ports of entry. This model serves as an analysis tool to understand economic impacts as the volume of travel increases and/or as a result of security screenings



ASCE®

American Society of Civil Engineers

Washington Office
101 Constitution Ave., N.W.
Suite 375 East
Washington, DC 20001
(202) 789-7850
Fax: (202) 789-7859
Web: http://www.asce.org

Testimony of

The American Society Of Civil Engineers

Before

The House Transportation and Infrastructure Committee

on

Infrastructure Investment and Economic Recovery

October 29, 2008

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October 29, 2008

I. INTRODUCTION

Good morning, Mr. Chairman and Members of the Committee:

I am Andrew Herrmann. I am a senior partner at Hardesty & Hanover, LLP, a transportation consulting engineering firm headquartered in New York City. I am a registered Professional Engineer in 26 states and a member of the Board of the American Society of Civil Engineers[*] (ASCE), and I am pleased to appear before you today to testify on behalf of ASCE on the issue of infrastructure investment and economic recovery for the nation.

II. NEED FOR ECONOMIC RECOVERY

For a variety of reasons well known to this Committee the nation faces a severe economic slump in the coming months. Many economists already believe that the nation is in a recession. For example, the Congressional Budget Office (CBO) predicts that the country's real gross domestic product will decline noticeably in 2009. The CBO estimates that unemployment will exceed six percent next year nationally; in many parts of the country the job loss will be far steeper.

Recently Paul Krugman, a Nobel-Prize-winning economist, wrote in the New York Times that we may be in a steep recession already. "It could be very long," Mr. Krugman added.

This is grim news. It is clear that Congress and the president will have to work quickly to soften the worst of the slowdown. Just last week, Ben Bernanke, chairman of the Federal Reserve Board, testified before the House Budget Committee that further economic recovery legislation probably is required.

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[*] ASCE was founded in 1852 and is the country's oldest national civil engineering organization. It represents more than 146,000 civil engineers individually in private practice, government, industry, and academia who are dedicated to the advancement of the science and profession of civil engineering. ASCE is a non-profit educational and professional society organized under Part 1.501(c) (3) of the Internal Revenue Code.

"With the [economic] outlook exceptionally uncertain, the optimal timing, scale, and composition of any fiscal package are unclear," Mr. Bernanke said. "With the economy likely to be weak for several quarters, and with some risk of a protracted slowdown, consideration of a fiscal package by the Congress at this juncture seems appropriate. Any fiscal package should be structured so that its peak effects on aggregate spending and economic activity are felt when they are most needed, namely, during the period in which economic activity would otherwise be expected to be weak."

The U.S. Transportation Department reported in April that every $1 billion of federal highway investment (including the accompanying state match) supports 34,779 jobs. It is important to note the total number of jobs supported by highway investment-including construction-related jobs and dependent industries-rose about 12.5 percent from 1.65 million jobs in 1996 to 2.13 million jobs in 2007 as a result of increased highway investment from all levels of government.

Moreover, the National Association of Clean Water Agencies (NACWA) has estimated that each $1 billion invested in clean water infrastructure supports the creation of more than 47,000 jobs.

For these reasons, ASCE strongly supports efforts to pass legislation in this Congress to promote a national economic recovery in a time of financial distress.

III. NEED FOR INFRASTRUCTURE INVESTMENTS

As an initial matter, we firmly believe that any economic recovery legislation should contain significant new funding for many of the nation's aging infrastructure systems, which are the indispensable lifelines of our economy. The nation's surface transportation systems, wastewater treatment facilities, waterways, and airports are all in need of repair and updates. **We recommend $38.5 billion in new infrastructure spending as part of economic recovery legislation.**

In his New York Times column, Mr. Krugman was clear that public works investments are necessary to aid the recovery. "This is ... a good time to engage in some serious infrastructure spending, which the country badly needs anyway," he said.

The Associated Press recently reported that a number of economists now believe that spending on new roads, bridges and other public works projects would create jobs and provide a more durable boost to the economy than more rebate checks.

The economists argued that a common concern about infrastructure spending — that it takes time to gear up and may not kick in until after the recession is over — is less compelling now because the U.S. economy "likely will experience an extended downturn."

Such investments are desperately needed. Three years ago, ASCE's *2005 Report Card for America's Infrastructure* gave an overall grade of "D" to 15 critical infrastructure systems. We said then that it would take an estimated $1.6 *trillion* to upgrade the existing infrastructure.

This nation continues to under invest in infrastructure at the national level. Indeed, the total of all federal spending for infrastructure as a share of all federal spending has steadily declined over the last 30 years, the CBO reported earlier this year.

We need cite only a few of the more pressing infrastructure investment needs.

A. Surface Transportation System

The CBO recently estimated that America's investment in surface transportation infrastructure by all levels of government in 2004 was $191 billion (in 2006 dollars), or 1.5 percent of gross domestic product (GDP).

The federal government provided about one-quarter of those funds, and states and localities provided the rest. Those funds were split about equally between spending for capital projects and operation and maintenance. Most of that spending was for roads. In comparison, the Chinese government invested an estimated 2.5 percent of GDP in highway construction in 2001, according to the American Road and Transportation Builders Association.

The National Surface Transportation Policy and Revenue Study Commission concluded this year: "We need to invest at least $225 billion annually from all sources for the next 50 years to upgrade our existing system to a state of good repair and create a more advanced surface transportation system to sustain and ensure strong economic growth for our families. We are spending less than 40 percent of this amount today."

In 2007, the Department of Transportation (DOT) reported that the cost to maintain the nation's highways would require an annual investment of $78.8 billion in 2004 dollars by all levels of government. Even at this level, however, congestion would worsen, according to the report, because it would finance too little new highway capacity. The U.S. DOT report calculates an annual investment of $89.7 billion in 2004 dollars would be required to achieve this policy goal. Most of the additional $11 billion investment each year would be for new capacity.

The DOT report, however, may understate the need. The American Road and Transportation Builders Association believes that federal highway funding in the next surface transportation bill would have to start at $54.5 billion in FY 2010 and grow to $61.5 billion by FY 2015 to provide the federal share of the annual highway investment needed to maintain both physical conditions and operating performance.

B. Wastewater Treatment Systems

In January, the Environmental Protection Agency (EPA) reported that we must invest at least $202.5 billion just to prevent combined sewer overflows and sanitary sewer overflows at the nation's 16,000 publicly owned wastewater treatment works. But in 2002, the EPA estimated that the projected gap in what is spent on sewage treatment systems and what is needed was between $331 billion and $450 billion by 2019.

C. Waterways Infrastructure

The Corps of Engineers operates and maintains 240 locks at 195 locations along 12,000 miles of inland waterways. The average lock on these waterways is 53 years old—past the 50-year service life.

It costs on average about $600 million to replace a lock. If we were to replace just half of the 240 locks that are known to be beyond their design life, we would need to spend $72 billion. Simply to rehabilitate the other half of the system would cost another $30 billion.

That's more than $100 billion just to bring our antiquated waterways into the 21st century.

At the annual rate of spending of $180 million in the administration's budget proposal for FY 2009, it would take the Corps 20 years simply to fund all the inland waterways projects authorized in WRDA 2007.

D. Public Transit

In February, the Committee estimated that there are **$15.8 billion** in capital needs to maintain the nation's public transit systems in their present condition. The need increases to **$21.8 billion** if funds are authorized for transit improvements.

E. Aviation

The nation needs to invest **$17.5 billion** annually in airport capital improvement programs, the Committee reported this year.

F. Drinking-Water

The nation's drinking-water treatment systems face an *annual* shortfall of **$11 billion** to replace aging facilities that are near the end of their useful life and to comply with existing and future federal water regulations. The shortfall does not account for any growth in the demand for drinking-water over the next 20 years.

G. Dams

In 2005, we estimated that **$10.1 billion is needed by 2019** to address all critical non-federal dams--dams which pose a direct risk to human life should they fail.

IV. IMMEDIATE INVESTMENT PROPOSALS TO AID RECOVERY

A. Surface Transportation System

Recovery legislation should provide **$18 billion for necessary reconstruction projects for the nation's highway systems**. A number of state departments of transportation polled by the American Association of State Highway Officials earlier this year identified more than 3,000 highway projects totaling approximately $18 billion that could be implemented 30 to 90 days after enactment of federal economic recovery legislation.

B. Wastewater Treatment Systems

Congress should authorize **$6.5 billion for the repair and construction of publicly owned sewage treatment works (POTWs).** There are between $3 billion and $10 billion worth of upgrades for publicly owned treatment works now on the drawing boards and that could begin construction within weeks if Congress provides the required assistance. Under the program that passed the House in September (H.R. 7110), the EPA would have had the discretion to use only one and a half percent of the $6.5 billion in the bill (approximately $100 million) in the form of grants. Any new funds should be distributed primarily in the form of grants or negative-interest loans for ready-to-go POTW projects based on the local community's economic situation.

C. Waterways Infrastructure Repairs Pending

The Corps of Engineers has an enormous amount of infrastructure work that needs tending. **We estimate that the Corps requires approximately $7 billion in new funding** to:

- Substantially reduce the backlog of critical maintenance and repairs at an estimated 360 multiple purpose flood-control, hydropower, recreation, water-supply, and navigation projects and upgrade recreation facilities.
- Improve the safety of several high-risk dams.
- Restore and improve hydropower plants to meet an industry standard 98 percent plant availability.
- Recapitalize the oldest and most at-risk projects on the nation's 12,000 miles of inland waterways.
- Fully dredge to their authorized depth the nation's 296 highest use, deep-draft commercial ports. These ports manage approximately 2.6 billion tons or 94 percent of the nation's commercial import and export commerce.
- Fully dredge inland waterways to their authorized depth and width to ensure that the approximately 750 million tons of commercial goods that flow through these works annually reach their intended markets. Among the industries most affected by the aging waterways are agricultural exports and all of bulk commodities,

including iron ore for domestic steel plants, coal for power plants, and fertilizer as well as bulk road construction materials and others.

- Repair and upgrade critical coastal protection projects that defend key population centers from natural disasters.

While there are many other worthwhile infrastructure programs that concern us deeply, ASCE believes that the list above is a badly needed beginning to the problem of renewing our economy and preserving public health, safety, and welfare through a concentrated federal reinvestment in America's failing infrastructure.

D. Public Transit

There are **$4.6 billion** worth of transit projects ready to begin construction today, according to the American Public Transit Association (APTA). Congress also has authorized another **$800 million** in projects to avoid immediate service cuts throughout the country.

We recommend that Congress provide **$5.4 billion** for transit projects as part of the economic recovery legislation.

E. Aviation

There are **$600 million** worth of capital improvement projects ready to begin construction almost immediately, according to the Federal Aviation Administration. These involve important improvements to runways, lighting, and security. Congress should provide this amount for critical airport capital programs.

F. Drinking-Water

We recommend that Congress provide **$1 billion** in new financial aid to the nation's drinking-water treatment systems to begin critically needed upgrades.

G. Dams

We recommend that the economic recovery package contain **$50 million** for the dams in greatest need of repair.

V. LONG-TERM SOLUTIONS TO THE INFRASTRUCTURE CRISIS

A. National Infrastructure Bank

The National Infrastructure Bank Act of 2007 (S. 1926) would begin to address a problem that is rapidly approaching crisis levels—the physical deterioration of the nation's major public works systems.

Briefly, the legislation would establish a National Infrastructure Bank. The Bank would be an independent body designed to evaluate and finance "capacity-building" infrastructure projects of substantial regional and national significance.

Eligible infrastructure projects would be limited to publicly owned mass transit systems, public housing, roads, bridges, drinking-water systems, and sewage-treatment systems.

Sponsors— states, cities, counties, tribes, or an infrastructure agency such as a transit or wastewater treatment agency, or a consortium of these entities—would propose infrastructure projects. To be eligible, the projects would need a minimum federal investment of $75 million.

The National Infrastructure Bank would evaluate and finance "capacity-building" infrastructure projects of substantial regional and national significance, the bill would prime the pump to begin meeting the staggering investment needs for our infrastructure.

We believe the National Infrastructure Bank Act of 2007 is essential to beginning the long-term effort to maintain or replace economically vital infrastructure systems across the nation. This nation cannot afford to wait much longer to invest significant sums in its infrastructure, and this bill will help to lead the way.

B. Federal Capital Budget

ASCE supports the establishment of a federal multiyear capital budget for public works infrastructure construction and rehabilitation. This budget would be similar to those used by state and local governments. The capital budget must be separated from non-capital federal expenditures. The current budgeting process at the federal government level has a short-term, one- to two-year, focus. Infrastructure, by its very nature, is a long-term investment.

The current federal budget process does not differentiate between expenditures for current consumption and long-term assets. This causes major inefficiencies in the planning, design and construction process for long-term investments. A federal capital budget could create a mechanism to help reduce the constant conflict between short-term and long-term needs. It also would help increase public awareness of the problems and needs facing this country's physical infrastructure.

Without long-term financial assurance, the ability of the federal, state, and local governments to do effective infrastructure investment planning is constrained severely.

C. Public-Private Partnerships

We need to say a few words about the use of public-private partnerships (PPPs) in providing financial assistance to U.S. infrastructure.
ASCE recognizes PPPs as one of many methods of financing infrastructure improvements. PPPs are contractual relationships between public and private sectors in

infrastructure development. They have been defined as "a cooperative venture between the public and private sectors, built on the expertise of each partner that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards."

ASCE supports the use of PPPs only when the public interest is protected and the following criteria are met:

- Any public revenue derived from PPPs must be dedicated exclusively to comparable infrastructure facilities in the state or locality where the project is based.
- PPP contracts must include performance criteria that address long-term viability, life-cycle costs, and residual value.
- Transparency must be a key element in all aspects of contract development, including all terms and conditions in the contract. There should be public participation and compliance with all applicable planning and design standards, and environmental requirements.
- The selection of professional engineers as consultants and subcontractors by federal, state, and local agencies should be based solely on the qualifications of the firm.

ASCE supports the development of criteria by governing agencies to protect the public interest. Examples of criteria include input from affected individuals and communities, effectiveness, accountability, transparency, equity, public access, consumer rights, safety and security, sustainability, long-term ownership, and reasonable rate of return.

D. Other Financing Options

In addition, ASCE supports:

- User fees (such as a motor fuel sales tax) indexed to the Consumer Price Index.
- Appropriations from general treasury funds, issuance of revenue bonds, and tax-exempt financing at state and local levels.
- Trust funds or alternative reliable funding sources established at the local, state and regional levels, including use of sales tax, impact fees, vehicle registration fees, toll revenues, and mileage based user fees be developed to augment allocations from federal trust funds, general treasuries funds and bonds.
- Public-private partnerships, state infrastructure banks, bonding and other innovative financing mechanisms as appropriate for the leveraging of available transportation program dollars, but not in excess of, or as a means to supplant user fee increases.
- The use of budgetary firewalls to eliminate the diversion of user revenues for non-infrastructure purposes.

Mr. Chairman, that concludes my statement. I would be pleased to answer any questions that you or the Committee may have.

# # #

Testimony of John Irons, Ph.D.

Research and Policy Director
Economic Policy Institute
1333 H Street NW
Washington DC 20005
(202) 775-8810

Before the U.S. House of Representatives
Committee on Transportation and Infrastructure

Hearing on: "Infrastructure Investment and Economic Recovery"

Wednesday October 29, 2008 9:30 am
Room 2167 Rayburn House Office Building
Washington DC

Introduction

The U.S. labor market has been struggling with job loss since the start of the year. The economy has lost 760,000 jobs since January, and the unemployment rate has risen to 6.1 percent, up from 4.7 percent a year ago. Underemployment has also surged, reaching a 14-year high in September.

The future outlook is even bleaker. The credit crunch appears to be spilling over from Wall Street to Main Street with consumers and businesses beginning to have trouble obtaining credit. We will likely see declines in consumer spending in the third and fourth quarters of this year and an acceleration of the pace of job loss over the next several months.

Forecasts of future unemployment rates vary, but a look at past recessions (particularly the severe early 1980s and mid-1970s downturns) suggests that unemployment in the range of 8 to 9 percent would not be surprising. Evidence from the last two recoveries suggests that employment levels would not fully recover until mid-2010 or beyond.

A recovery package that focused on job creation through infrastructure investment could help reduce the severity and length of the job market downturn. A broad-based rescue package should be at least as large as the package passed in January, and should include infrastructure investments, aid to states, and consumer supports.[1] The infrastructure investment component should include $75 billion in new investments that would focus on "ready-to-go" and "fix-it-first" projects that could begin immediately and employ over 1 million people. This recovery package would provide a boost to the overall economy and stimulate jobs across industries and across the nation.

This testimony gives some background context for understanding the length and depth of a downturn in the labor market, and discusses the job market implications—in terms of timing and industry impact—of investments in infrastructure projects.

Table of Contents

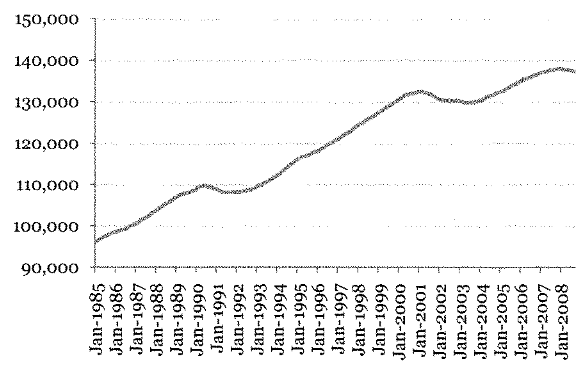
[1] John Irons and Ethan Pollack, "A Rescue Package for Main Street" Economic Policy Institute, October 27, 2008.

Duration of Job Losses

The U.S. economy has experienced 10 recessions since 1945 with an average duration of 10 months as measured from the start of the recession to the bottom according to the "official" measures by the National Bureau of Economic Research (NBER). During these periods, economic activity in general declines with the economy experiencing lower total output, reduced capacity utilization, a decline in the number of jobs, and a resulting increase in the unemployment rate. During the recovery, economic output increases and people are rehired.

In the past two recessions, however, employment growth has been sluggish even after the official end of the recession. Both the 1990-91 and the 2001 recession lasted only 8 months, but it took the labor market 11 months and 30 months, respectively, to finally hit bottom (see Figure 1). Further, with sluggish growth even after hitting bottom, it took 32 months and 48 months to regain the total number of jobs that existed prior to the downturn.[2]

Figure 1. Total Nonfarm Employment, January 1985 - September 2008 (thousands)



	Employment Peak		Employment Trough			Recovery	
Cycle	Month	Number	Month	Number	Duration	Month	Duration
Early 1990s	Jun-1990	109,817	May-1991	108,196	11	Feb-1993	32
Early 2000s	Feb-2001	132,530	Aug-2003	129,822	30	Feb-2005	48
Current	Dec-2007	138,078					

* Duration is measured in months from employment peak; number of jobs in thousands.

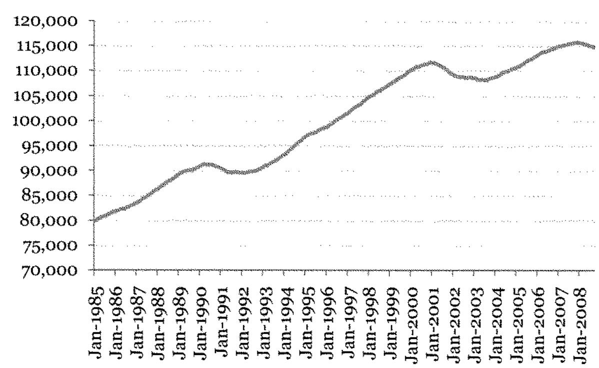
[2] This is a modest measure of a full recovery since it does not include job creation to provide for population growth. Obviously, recovery periods by this measure would be even longer than noted in this document.

A similar pattern emerges when looking at other measures of employment. Total private employment in the 1990-91 and 2001 recessions took 23 and 31 months to hit bottom; and 38 and 54 months to recover (see Figure 2.)

The construction industry took longer to recover in the 1990s, taking over 6 years to reach pre-recession levels. Although it recovered faster during the 2000s (see Figure 3), that situation was an exception, owing in large part to the unique construction boom. We can unfortunately expect the construction labor market to look more like the 1990s.

We can thus expect continuing declines in overall employment and a continuing weakness in labor markets for another 2 to 3 years, with total private and construction employment taking as much as 4 years to fully recover.

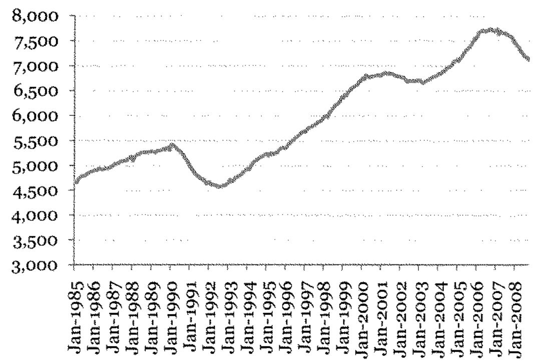
FIGURE 2. TOTAL PRIVATE EMPLOYMENT, JANUARY 1985 - SEPTEMBER 2008 (THOUSANDS)



	Employment Peak		Employment Trough			Recovery	
	Month	Number	Month	Number	Duration	Month	Duration
Early 1990s	Mar-1990	91,317	Feb-1992	89,557	23	May-1993	38
Early 2000s	Dec-2000	111,681	Jul-2003	108,231	31	Jun-2005	54
Current	Nov-2007	115,759					

* Duration is measured in months from employment peak; number of jobs in thousands.

FIGURE 3. CONSTRUCTION EMPLOYMENT, JANUARY 1985 - SEPTEMBER 2008 (THOUSANDS)



	Employment Peak		Employment Trough			Recovery	
	Month	Number	Month	Number	Duration	Month	Duration
Early 1990s	Jan-1990	5,422	Jul-1992	4,570	30	Mar-1996	74
Early 2000s	Mar-2001	6,862	Mar-2003	6,654	24	Mar-2004	36
Current	Sep-2006	7,732					

* Duration is measured in months from employment peak; number of jobs in thousands.

Timing and Impact of Federal Investments

National investments in infrastructure—especially transportation infrastructure—have been criticized as being too slow to have an impact in an economic downturn.

Economists often point to what are called "inside" and "outside" lags. The "inside" lag includes the time it takes to consider and pass legislation and to plan projects. The "outside" lags include the time it takes for those projects to put people to work and to be completed. In the past, both the inside and outside lags have often meant that spending on infrastructure comes too late to help the economy. For example, a 1986 study by the GAO found that only about a third of infrastructure spending has been put to use within a year of the 1983 jobs package, and about half was spent within 2 years.[3]

There are several reasons why such criticism is less founded today, and why a properly designed recovery package can have a swift impact on jobs and the economy.

First, Congress itself can reduce the "inside lag" by quickly passing a recovery package. Congress can also require that states and localities must begin projects within a certain time period, such as 90 days, from date of enactment. A strong signal from Congress today would allow states to begin to craft their priorities so they can be ready to go when stimulus is passed.

Second, in a time when there are huge unmet needs, spending can have a more immediate impact. Virtually every state, locality, and school district will have already identified a variety of "ready-to-go" projects that are simply waiting for funding. Many of these projects include maintenance and repair backlogs that exist because of inadequate funding. Congress need not dream up new projects, but can simply rely on projects ready to go. The final section below provides examples of many of these projects.

Third, recent experience has demonstrated that major projects can be implemented quickly. Consider, for example, the tragic collapse of the I-35 bridge in Minneapolis that occurred in August 2007. The concrete for the replacement bridge began flowing last winter, and the bridge was recently opened for traffic – just over 1 year later and well ahead of schedule. A survey by The American Association of State Highway and Transportation Officials finds that "state transportation departments could award and begin more than 3,000 highway projects totaling approximately $18 billion within 30-90 days from enactment of federal economic stimulus legislation."

Further, funding for school repair and construction could be put in place by this summer. According to an NCES survey in 1999, 76% of all schools reported that they had deferred maintenance of their buildings and needed additional funding to bring them up to standard. The total deferred maintenance exceeded $100 billion, an estimate in line with earlier findings by the Government Accounting Office.[4]

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[3] See GAO "Emergency Jobs Act of 2003: Funds spent slowly, few jobs created", December 1986.

[4] Lawrence Mishel, Ross Eisenbrey and John Irons, "Strategy for economic rebound: Smart stimulus to counteract the economic slowdown" Economic Policy Institute, January 11, 2008.

Fourth, given that a well-maintained infrastructure is in the national interest and that there are many projects that will need to be undertaken anyway (for example to repair or replace aging sewer systems), an acceleration of funding for the projects will address those needs. Even if a project is not perfectly timed, the funding should not be considered to be wasted or ineffective.

Finally, infrastructure investments should be seen as an insurance policy against a prolonged downturn. The stimulus package passed last January consisted primarily of rebate checks that have already been paid out and either spent or saved by consumers. Had that package included a boost to infrastructure investments (as EPI recommended at the time)[5], we would today be seeing some job creation as a result of that investment boost. While the future path of the economy is uncertain, we do know that employment weakness will continue for a substantial period of time, and that including an infrastructure component can provide some insurance against a prolonged downturn. If the economy is still weak in 9 months, we don't want to be in a position of again looking back and asking "what if…".

Job Impact

The total number of jobs lost in the last two recessions as measured from the start of the downturn to the bottom was 1.6 million (1990-91) and 2.7 million (2001-03). As noted above, labor market weakness can persist for months and years after the start of a recession.

Estimates of the number of jobs created by $1 billion of construction spending range from 14,000 to 47,000.[6] Using the conservative estimate, a $75 billion boost would support over 1 million jobs. While this would not fully offset projected losses, it would reduce the size of the drop and would reduce the total recovery time. Because of the reach on the construction and transportation sectors, these jobs would be spread throughout the economy.

The estimates presented above do not fully capture the impact of different kinds of public investment. For example, investments in "fix-it-first" projects are likely to have a greater job impact per dollar spent because a smaller share of the money would be spent on materials, while a greater share would be spent on labor. The same is likely true of projects that promote energy efficiency through, e.g., retrofitting of existing buildings.

Breakdown by industry and job quality

Besides the top-line number of total jobs created by a given amount of infrastructure spending, assessing the effect of capital investments on labor market outcomes also requires knowing something about the "upstream" (or supplier) jobs created by this spending.

Table 1 shows how many jobs in upstream industries are created by every 1,000 jobs created in various categories of infrastructure spending.[7] Specifically, we track two possibilities: investment in construction

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[5] Ibid.
[6] Ibid.
[7] The calculations in this table were conducted by EPI economist L. Josh Bivens and utilize the employment requirements tables of the Bureau of Labor Statistics (BLS). The employment requirements tables actually present

and rail. Every 1,000 jobs created through investment in construction will support 610 total upstream jobs. Of these upstream jobs, 64% are created in four sectors: manufacturing, retail, professional/ scientific/ technical services, and administrative, support, waste management and remediation services.

TABLE 1. UPSTREAM JOB CREATION PER 1,000 SECTOR-SPECIFIC JOBS

	Construction	Rail	Passenger Rail
Agriculture, forestry, fishing, and hunting	6	5	1
Mining	7	6	6
Utilities	5	2	3
Construction	**1000**	5	3
Manufacturing	134	102	58
Wholesale trade	33	50	53
Retail trade	106	19	22
Transportation and warehousing	37	**1000**	**1000**
Information	12	15	9
Finance and insurance	20	38	15
Real estate and rental and leasing	13	36	8
Professional, scientific, and technical services	84	88	72
Management of companies and enterprises	9	8	11
Administrative and support and waste management and remediation services	68	84	45
Educational services	2	4	1
Health care and social assistance	2	2	0
Arts, entertainment, and recreation	5	5	3
Accommodation and food services	14	18	9
Other services	14	11	10
Government	39	88	564
Total Upstream	***610***	***587***	***894***

Every 1,000 jobs created through investment in rail transport supports 587 total upstream jobs. Of these upstream jobs, 62% are created in four sectors: manufacturing, wholesale, professional/scientific/ technical services, and government. Investments in passenger rail would support even more upstream jobs.

Manufacturing and professional/technical/scientific services combined comprise over 35% of the upstream jobs, and both of these sectors are characterized by much higher hourly compensation than the economy-wide average. Of the remaining upstream sectors, only retail trade and administrative and support and waste management and remediation services (together comprising 23% the upstream jobs) are characterized by hourly compensation below the economy-wide level.

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very detailed industry employment linkages between 201 separate industries. Table 1 aggregates these industries into 20 larger super-sectors.

These super-sector (and more-detailed industry) breakdowns are the first step that allows for a detailed accounting of what a given level and type of infrastructure investment implies for relative demands for workers of different educational attainment, experience levels, genders, regions, and ethnic backgrounds.

Financing

To have the greatest impact on the economy, the recovery package should be deficit financed.[8] While deficits should not be ignored, it is also important to remember where deficits currently stand in relation to recent history. In 2007, deficits were just 1.2% of gross domestic product, lower than any year since 1974 (with the exception of the latter 1990s). This year we saw an uptick in deficits to 3.2% of GDP, but that is primarily due to the economy's slowdown (with the attendant loss of revenues and higher spending) coupled with the one-time stimulus last summer. This 3.2% is still well below the 4.7%-of-GDP deficit inherited by the Clinton administration in 1992, which was turned into surpluses with just six years of prudent policy as the economy recovered.

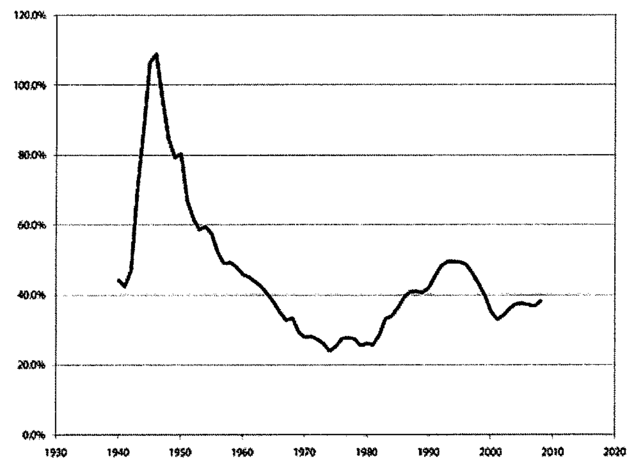
In light of current economic developments, rising deficits are inevitable for the next couple of years. We know from history that increasing taxes on the middle class or cutting back on federal spending in the midst of a recession will only make things worse by reducing the demand for goods and services, thereby exacerbating the downturn. As a consequence, deficit reduction must take a back seat to short-term stimulus for the moment.

But how far can the government go to help prod the economy? The government can still continue to borrow at very low interest rates and current levels of debt do not typically create excessive instabilities. Despite the fact that the budget surpluses inherited by President Bush have since been turned to deficits, the overall national debt as a share of the economy—at about 40%—is still on the low end of the historical norm (see Figure A).

[8] This section draws from John Irons, "The false fiscal dilemma" EPI Policy Memorandum #130, October 21, 2008

FIGURE A

Debt as a share of GDP, 1940-2008



SOURCE: Office of Management and Budget, Budget of the U.S. Government FY2009, Historical Tables.

So by historical standards, there is room to fund stimulus and other initiatives, even without additional revenue. And though we cannot simply ignore the overall budget situation, allowing a temporary increase in the national debt next year to levels no higher than what we averaged in the 1990s (46.1%) would allow room for about $900 billion in additional debt. This level would fully cover the new debt required to finance the $700 billion Wall Street bailout as well as fund a substantial $150-200 billion stimulus for Main Street and the broader economy in 2009. Allowing the debt to increase by 2010 to no higher than the 1990s peak (49.4%), would allow $1.3 trillion to be used over the next two years to cover the bailout, a stimulus, and provide a substantial jump-start for investments in job creation, energy independence, and other priorities.

However, over the long-term, Congress will need to address on-going funding for transportation more broadly. For example, Congress will look at surface transportation legislation next year, and funding mechanisms should be part of that discussion as well.

Composition of Infrastructure Investments

As noted above, a total package on the order of $75 billion would be an essential part of a broader recovery package.

Despite the need for a timely intervention, infrastructure should be done wisely. We must undertake projects that are environmentally sustainable, that address maintenance needs first, and that serve the public interest. The focus on sustainability would help to ensure that dollars are spent wisely, and the focus on maintenance would lead to the creation of a greatest number of jobs in the shortest amount of time.

To implement, we must also look at a broad range of investments that will meet the public interest – for example, we cannot build roads and bridges simply for the sake of employing more people. But rather, Congress should look at public transit needs broadly, especially given the desire for energy efficiency and independence. Already, we have seen demand for public transit rise in cities across the nation as gas prices have spiked; further investments in public transit certainly seem warranted to meet this need.[9]

With that in mind there are several areas that should be part of a recovery package—including investments in transportation, in water and sewer systems, and in school buildings—that would serve the dual purpose of timely job creation and rebuilding national infrastructure.

Several areas of investment have already been identified as ready-to-go:

- *Transit projects:* 246 ready-to-go projects totaling more than $3.6 billion, could be implemented within 90 days of federal funding (American Public Transportation Association).
- *New transit projects:* Approximately 400 projects totaling $248 billion proposed, with 58 of those—totaling $25.2 billion—far along in the planning process. Most of those 58 projects have already completed the environmental process and could begin within 4 months to a year (Reconnecting America).
- *Highway:* 3,000 ready-to-go projects totaling $18 billion (American Association of State and Highway Transit Officials).
- *Bicycle/pedestrian projects:* $325 million in ready-to-go projects (America Bikes).
- *Fleet Greening:* $3.9 billion for clean vehicles, and retrofitting existing vehicles with green technology (Transportation for America).
- *Wastewater treatment projects:* $4 billion in ready to go projects (National Association of Clean Water Agencies).
- *School repair and maintenance:* $10 billion could be spent this summer (Economic Policy Institute).

[9] As a result, Congress may want to revisit the 80-20 split in federal funding for transportation; and may wish to attach specific funding requirements to ensure that projects are ready to go.

The projects above are merely examples of the types of projects that could be started or resumed quickly if Congress provided funds. These project lists are by no means comprehensive—many states that have ready-to-go projects did not respond to these surveys, and most of the lists are narrowly targeted to a specific type of project, leaving out other ready-to-go projects that did not fit within the designated category. While the precise number of ready-to-go projects may be unknown, it is clear that there are enough available for funding to allow Congress to invest significant resources in infrastructure and see the resulting job creation and economic growth within a relatively short period of time.

National Parks Conservation Association®
Protecting Our National Parks for Future Generations®

Testimony of Thomas C. Kiernan, President

RE: Economic Recovery: Infrastructure investing

Before the Transportation and Infrastructure Committee

U.S. House of Representatives

October 29, 2008

Good morning, Chairman Oberstar, Ranking Member Mica, and Members of the Committee. I am Tom Kiernan, President, of the National Parks Conservation Association. Thank you for inviting me to testify at today's hearing on the important issue of economic recovery.

Since 1919, the National Parks Conservation Association (NPCA) has been the leading voice of the American people on behalf of our national parks. Our mission is to protect and enhance America's National Park System for current and future generations. On behalf of our more than 340,000 members, we urge the Committee to include restoration of national park transportation infrastructure in its economic recovery plan.

Mr. Chairman and Mr. Mica, our national parks are home to some of the nation's most iconic and sacred landscapes, monuments, and historic sites. They are among the most recognizable places in the world. The parks provide a mirror of the soul of America, and are the physical embodiment of the collective experience and spirit we value as Americans. More than 270 million visits are made to national parks each year by Americans and visitors from all over the world seeking to enjoy the visual grandeur, to learn about our cultural heritage and for spiritual renewal.

Although it is not their primary purpose, our national parks play a significant role in the economies of many communities. As Congress develops an economic recovery program for our nation, investments to improve our national parks can be an important part of the effort that benefits unique places in our country and their mostly rural communities nearby. As much as $440 million worth of road projects in our national parks are ready to go to construction, and can rapidly produce as many as 7,000 jobs while also renewing our national heritage and helping to revitalize our national parks for our children and grandchildren.

To enable visitors to experience these national treasures without unduly imposing adverse impacts on the natural, cultural, historical, and archeological resources inside the parks, the people of the United States have made very substantial investments in park infrastructure. Those investments have occurred over many years, but have been meager in recent years. Two times in our history, America made substantial investments in our national parks. Both were at times when our nation was investing in new infrastructure and jobs—one in a time of national economic crisis and the other during strong economic times.

The first occurred during President Franklin D. Roosevelt's first 100 days in office, when he initiated the Works Progress Administration and the Civilian Conservation Corps with the goal of bringing our infrastructure into the 20th century, creating jobs, and reforesting many parts of our country. The WPA provided needed jobs to millions of Americans during the Great Depression, and provided access to many magnificent national parks via newly created road and highway systems. World-famous park roads such as the Going-to-the-Sun Road in Glacier National Park, Montana and Skyline Drive in Shenandoah Park, Virginia were only two of the important park transportation projects completed by the WPA.

The second period of investment occurred during the economic boom that followed the Second World War, at a time when automobile ownership and tourist travel surged. It was apparent that national park infrastructure again required enhancement and investment to meet future needs. "Mission 66" was initiated as a ten-year National Park Service program intended to expand visitor services by the 50th anniversary of the Park Service in 1966. The program focused on infrastructure projects such as roads, utilities, and visitor services. Through an investment of more than $7 billion in today's dollars, the Mission 66 program transformed the national park system into one of the most popular vacation destinations for both American families and foreign tourists.

It is more than half a century since those last, significant investments were begun, and the lack of sufficient reinvestment since that time is evident from examining the condition of park roads today. The lack of investment, along with the popularity of the national parks, unfortunately has placed tremendous strains on national park infrastructure. For example, in Redwoods National Park one of the original segments of Highway 101 has not had its asphalt replaced since the 1960s. It is among the 53% of national park roads that are in poor condition. The road is in a constant state of disrepair, and is a safety hazard to vehicles and bicycles utilizing the road. The condition of the road is so poor that normal maintenance methods are no longer effective without complete rehabilitation. The road parallels Richardson Creek which provides habitat for Coho salmon, a federally listed species, and is a tributary to the Klamath River, an important salmon fishery. Numerous deteriorated galvanized culverts that are well beyond their serviceable life span drain large runoff flows through very large road fill areas. Failure of these culverts would result in significant sedimentation of Richardson Creek and the Klamath River, and would likely have an adverse impact on the native salmon. Fortunately, the Park Service does have a project to rehabilitate the Redwoods road that is ready to go. The project has received environmental clearance and all it needs is funding. The project would not only benefit the park, but would provide jobs to the surrounding Del Norte County which is one of the poorest in California.

The dismal condition of national park transportation infrastructure is in large part due to decades of insufficient funding. The National Park Service has documented a total transportation investment need of more than $5 billion, comprised of $4.7 billion for roads, $220 million for bridges, and $508 million for front country trails that connect transportation nodes. The silver lining is, of course, that we now have an opportunity to begin reinvesting in critical park infrastructure in a way that puts Americans to work in unnerving economic times while meeting our stewardship responsibilities to our children.

NPCA understands that the National Park Service has more than $270 million in 18 transportation infrastructure improvement projects that are ready to go to construction. When ready-to-go road projects that do not receive FLHP funding are included, the system-wide estimate exceeds $440 million. All these projects have obtained environmental clearance and can be contracted out within 180 days.

The National Park Service, working in cooperation with the Federal Highway Administration, has achieved extremely high rates of obligating federal funds authorized for transportation projects. Projects in the Park Roads and Parkways programs have an astounding first-year obligation rate of 98 percent. Other park road projects have a first-year obligation rate of 80 percent. These are exceptional spend-out rates when compared to the much larger federal highway apportionment programs, which have an overall first-year obligation rate of approximately 25 percent.

Mr. Chairman and Mr. Mica, the more than $440 million total for transportation projects in our national parks constitutes a very small slice of the overall economic recovery program currently under discussion by this Committee. Yet, as with the WPA and Mission 66, it will provide substantial and long-lasting benefits to our national parks and their visitors. Outdated and deteriorated transportation infrastructure cannot efficiently and safely accommodate the visitors to our national parks.

Perhaps the most dramatic example of the desperate state of national park infrastructure and of the importance of park roads to local communities is the Going-to-the-Sun Road in Glacier Park, Montana. Ascending over the continental divide at Logan Pass, the Going-to-the-Sun Road is rated as one of the ten best scenic drives in America. As such, it is a significant attraction generating over one and a half million visits per year making it an economic anchor for the tourism industry in the northwest portion of Montana. Yet, 75 years of rockslides and avalanches, severe weather, heavy traffic, and inadequate maintenance have left the road in urgent need of repair. Reconstruction began in 2007, but the funding has not kept pace with the project. More than $20 million in work is ready to begin if funding could be made available. There are many such examples of ongoing road work that could be accelerated for the benefit of both park visitors and the local economy.

In some instances, the project being proposed is not to replace deteriorating infrastructure, but instead to reduce infrastructure's impact upon irreplaceable natural resources and systems. For example, the Tamiami Trail project in Florida will raise a key section of the roadway to allow more water to flow from Lake Okeechobee through Everglades National Park to Florida Bay to improve ecosystem function, reduce harmful discharges to northern estuaries and increase water flow to water-starved areas. Unemployment in South Florida has risen dramatically with this economic downturn in particular because of the reduction in construction jobs. For a modest investment, this two-to three year project could produce dividends that are truly immeasurable both for the local economy and the environment.

As already noted, investment in park transportation infrastructure will bring immediate benefits to local communities and the national economy. Transportation projects will first create high-paying construction jobs that support local families. Using a standard public lands construction impact assessment model, as many as 7,000 jobs could be created through these projects. The secondary effect of these jobs upon the communities surrounding the parks—many of them in rural areas—would increase the benefit many times over as the income of these families is pumped back into the local economy. NPCA recently commissioned a study that found that every federal dollar invested in our national parks generates at least four dollars in direct economic benefit to state and local economies, with significant additional indirect benefits. This study was conservative and the true benefit for these projects is probably closer to the construction industry standard of 6 to 1.

Better access to our national parks encourages visits. International visitors are bringing their money to our country, which helps our economic growth and balance of trade; domestic visitors are keeping their vacation dollars at home by not vacationing overseas. In 2005, visitors spent $10.4 billion within the national parks and gateway communities. Such spending supported more than 50,000 jobs in the lodging and restaurant sectors and more than 25,000 jobs in retail trade and entertainment. It generated $5.6 billion in personal income and 246,000 jobs in local communities, most of which are in rural areas where jobs are not plentiful.

Mr. Chairman and Mr. Mica, you have a tremendous opportunity to make a desperately needed investment in our national parks while also helping foster economic recovery for our nation. Americans love our national parks, and this kind of modest investment in them as part of an economic recovery package will have outsized benefits. By funding ready-to-go projects in America's favorite places, the Committee can both foster the creation of good, needed jobs, and renew the national inheritance we have a collective responsibility to pass to our children in at least as good as condition as we received it. An investment in our national parks is both an investment in today and in our future. This would be a welcome first step in reinvesting in road infrastructure in our national parks, while also providing needed employment opportunities in rural and urban areas across the country.

This concludes my testimony and I will be happy to answer any questions you may have.

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November 4, 2008

Thomas C. Kiernan
President

The Honorable James Oberstar
Chairman
Transportation and Infrastructure Committee
2165 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Oberstar:

Thank you again for inviting the National Parks Conservation Association to testify at the Economic Recovery: Infrastructure Investing hearing. The national parks have played a vital role in previous economic recoveries and are poised to be a part of this rescue plan.

Attached for your information is a list of the $270 million in park transportation projects that I referenced during my testimony. I have also attached a second list of $170 million in transportation projects that have been additionally identified by the National Park Service as ready to go. Together they represent $440 million that could make a tremendous difference in the visitor enjoyment and safety of our national parks.

Representative Holmes-Norton's raised questions whether other projects, including projects to renovate the national mall, should be included in the economic stimulus package. We will send additional information on National Mall and other National Park Service projects including Centennial Challenge proposals that would be appropriate for the package.

Sincerely yours,

Thomas C. Kiernan, President
National Parks Conservation Association

Chairman Oberstar,
We look forward to working closely with you in this coming important year!
Yours,
Tom

1300 19th Street NW • Suite 300 • Washington, DC 20036
202.223.NPCA(6722) • Fax 202.659.0650 • tkiernan@npca.org • www.npca.org

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National Park Service

FY 2009 Economic Stimulus Transportation Improvement Projects

Unfunded, Ready-to-Go Projects (FLHP eligible)

Park	State	Project Name	Estimated Costs 2008
Glacier Bay National Park and Preserve	AK	Gustavus Dock Replacement/Alaska Marine Highway Terminal Project	$ 3,500,000
Canyon De Chelly National Monument	AZ	Rehabilitate Route 10 and South Rim spurs (approximately 14.5 mile)	$ 5,340,000
Death Valley National Park	CA/NV	Rehabilitate Bonnie Clare Road (Route 11) Road Segment from milepost 20 to milepost 7	$ 11,200,000
Redwood National and State Parks	CA	Repair Alder Camp Road	$ 2,400,000
Mesa Verde National Park	CO	Rehabilitate Route 10 from Highway160 to Park Point (10)	$ 8,349,579
Rocky Mountain National Park	CO	Reconstruct Historic Rock Walls	$ 1,310,000
Rock Creek Parkway	DC	Eliminate Unsafe Conditions and Resurface and Repair Beach Drive and repave Rock Creek Parkway - P Street to Calvert Street	$ 13,500,000
Everglades Tamiami Trail	FL	Complete Tamiami Trail renovation: 1) build a one-mile bridge in the project area's eastern segment and 2) raise the headwater stage constraint in the L-29 Borrow Canal by one foot to eight and one half feet	$ 150,000,000
Antietam National Battlefield	MD	Rehabilitate Park Tour Roads, Overlay Gravel Parking and Replace Existing Sidewalks	$ 4,200,000
Little Bighorn National Monument	MT	Rehabilitate and widen Route 10	$ 7,300,000
Glacier National Park	MT	Going-to-the-Sun Road - Ph VIII from Big Bend to Logan Pass	$ 21,350,000
Theodore Roosevelt National Park	ND	Rehabilitate North Unit Scenic Drive, Route 10	$ 7,100,000
Craters of the Moon National Monument and Preserve	OR	Reconstruct Roads And Parking Lots (phase II of II)	$ 3,300,000
Gettysburg National Military Park	PA	Resurfacing Overlay Routes 21, 16. Rehabilitation of three bridges at the park and one bridge at Eisenhower National Historic Site	$ 760,000
Badlands National Park	SD	Rehabilitate Badlands Loop Road, Phases 3 and 4	$ 12,400,000
Big Bend National Park	TX	Pavement Preservation Program -Treat all paved assets at Big Bend National Park	$ 10,000,000
Fredericksburg & Spotsylvania National Military Park	VA	Repairs to Wilderness Run Bridge	$ 40,000
New River Gorge National River	WV	Relocate Turkey Spur Parking and Resurface Turkey Spur	$ 1,500,000
		Total	**$ 263,549,579**

National Park Service - Other Projects				
FY 2009 Economic Stimulus Transportation Improvement Projects				
Unfunded, Ready-to Go Projects (non- FLHP eligible)				Oct-08
Park	PMIS #	Region	Project Title	Total Cost
BIBE		IMR	Rehabilitate Chisos Basin Campground Roads	686,000
BRCA		IMR	Reconstruct North Campground Roads	533,000
COLM		IMR	Rehab Saddlehorn Campground, Roads, Utilities and Sites	631,000
ROMO		IMR	Overlay Campground Roads - Glacier Basin and Timber Creek	669,000
YELL		IMR	Resurface Campground Roads - Madison, Canyon, Grant and Fishing Bridge	1,800,000
BAND		IMR	Parkwide - Pavement Preservation	335,000
BICA		IMR	Parkwide - Pavement Preservation	1,400,000
BRCA		IMR	Parkwide - Pavement Preservation	1,400,000
CACH		IMR	Parkwide - Pavement Preservation	2,520,000
GRTE		IMR	Parkwide - Pavement Preservation	1,500,000
GRCA		IMR	Parkwide - Pavement Preservation	9,900,000
HUTR		IMR	Parkwide - Pavement Preservation	37,000
MOCA		IMR	Parkwide - Pavement Preservation	80,000
NAVA		IMR	Parkwide - Pavement Preservation	125,000
PISP		IMR	Parkwide - Pavement Preservation	20,000
ROMO		IMR	Parkwide - Pavement Preservation	504,000
SAGU		IMR	Parkwide - Pavement Preservation	893,000
SUCR		IMR	Parkwide - Pavement Preservation	3,640,000
TUZI		IMR	Parkwide - Pavement Preservation	147,000
WACA		IMR	Parkwide - Pavement Preservation	309,000
WUPA		IMR	Parkwide - Pavement Preservation	2,730,000
YELL		IMR	Parkwide - Pavement Preservation	1,400,000
HOSP		MWR	Mill and Overlay West Mountain Drive and Summit Drive and Rebuild Retaining Wall on North Mountain Road	2,100,000
INDU		MWR	Repair County Line Road Bridge	420,000
PIRO		MWR	Rehab Miner's Castle Road - 2 miles	2,380,000
PIPE		MWR	Mill and Overlay Park Roads and Parking	700,000
GWMP		NCR	"Smoothride" Mill and Overlay Projects	5,600,000
Constitution Ave		NCR	"Smoothride" Mill and Overlay Projects	2,800,000
Ohio Ave		NCR	"Smoothride" Mill and Overlay Projects	700,000
ACAD		NER	Pavement Management Repairs - Various Routes	9,215,000
CACO		NER	Pavement Management Repairs - Various Routes	3,688,000
DEWA		NER	Routes 15 and 100	2,320,000
FONE		NER	Routes 10 and 100	521,000
FRSP		NER	Routes 10, 11, 18, 22	4,620,000
GATE		NER	Routes 60, 132B	3,350,000
GETT		NER	Routes 10,14, 19, 24, 32, 33, 201,202	3,200,000
SHEN		NER	Pavement Management Repairs - Various Routes	5,347,000
CRMO	4252A	PWR	Reconstruct Roads And Parking Lots (phase II of II)	2,950,000
REDW	5506A	PWR	Rehabilitate Alder Camp Road	2,400,000
YOSE	7391A	PWR	Rehabilitate Wawona Road: Phase 1 of 4 - Mile post 20.5 to Mile post 26.98	6,500,000
YOSE	100091A	PWR	Rehabilate Remaining Segments of Valley Loop Road	10,100,000
BIHO	90295B	PWR	Slurry Seal Roads and Parking Lots	126,000
CABR	N/A	PWR	Slurry Seal All Roads and Parking Areas	170,000
DEVA	N/A	PWR	Chip Seal Mud Canyon/Daylight Pass Road, Bonnie Clare Road M.P. 35 to 55, and Badwater Road, M.P. 35 to 55	3,225,000
JOTR	N/A	PWR	Chip Seal Keys View Road, 25 Miles of Route 12, Barker Dam Road and Sheeps Pass Road	2,595,000
LABE	119383A	PWR	Chip seal all, slurry seal parking lots	2,175,000
LARO	102521A	PWR	Slurry seal Spring Canyon Campground, Keller Ferry Campground and at Park Headquarters.	150,000
MANZ	N/A	PWR	Slurry Seal All Roads and Parking Areas	160,000

MORA	N/A	PWR	Chip seal Sunrise Rd., middle 10 miles of Stevens Canyon Rd., and southern 3 miles of SR 123	2,760,000
NOCA	81266D	PWR	Slurry seal all (leave Stehekin for inclusion as cold mix overlay in 2011 4R project)	555,000
OLYM	120620A	PWR	Chip seal Highway 101 at Lake Crescent	1,200,000
REDW	N/A	PWR	Chip seal Crescent Beach and Davison Roads	315,000
SAMO	110654A	PWR	Chip seal remainder of what didn't get treated in 2006	360,000
SEKI	N/A	PWR	Chip Seal 27 Miles of Generals Highway	2,265,000
WHIS	94687C	PWR	Chip Seal Roads	2,130,000
YOSE	N/A	PWR	Chip Seal El Portal, Tioga and Foresta Roads	4,012,500
BLRI		SER	Bridge Painting	2,800,000
BLRI		SER	Buck Spring Tunnel Repairs	1,400,000
GRSM		SER	Pave 3 Campground Areas	4,200,000
GRSM		SER	Parking Areas along Little River Road	4,200,000
GRSM		SER	NC Pave Lakeview Road	4,200,000
GRSM		SER	Pavement Preservation Program	1,400,000
NATR		SER	Pave non-FLHP Eligible Areas - 9 District Offices	7,000,000
NATR		SER	Various Projects - Erosion Repair Work	7,000,000
THRO			Rehab South Unit Scenic Drive - Segment 11A and 11B - 11 Miles	13,580,000
			TOTAL	**168,148,500**

Testimony to the House Committee on
Transportation and Infrastructure

SUNPOWER
Smarter Solar

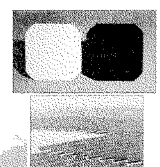
Testimony to the House Committee on Transportation and Infrastructure

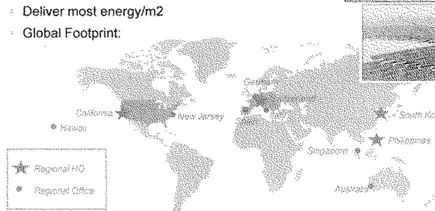
Thomas Leyden, Managing Director

October 29, 2008

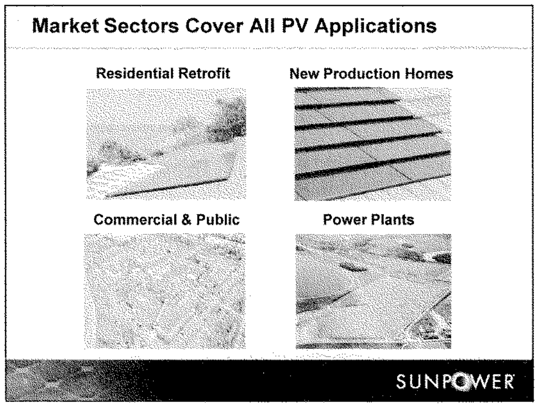
SunPower Corporate Overview

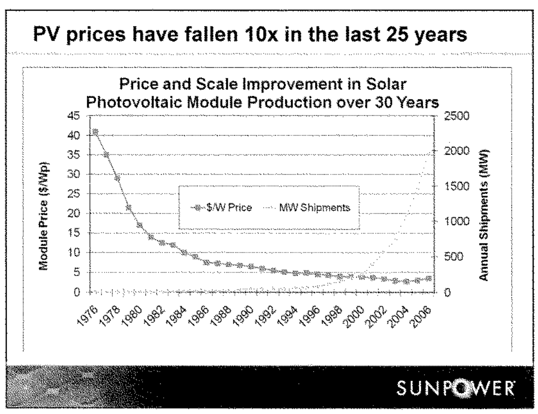
- Incorporated in 1985
- HQ in Silicon Valley, California
- Nasdaq: SPWRA $1.4+ billion 2008 revenue
- Highest-performing solar electric systems worldwide
- Deliver most energy/m2
- Global Footprint:





SUNPOWER


Market Sectors Cover All PV Applications
Residential Retrofit
New Production Homes
Commercial & Public
Power Plants
SUNPOWER


PV prices have fallen 10x in the last 25 years
Price and Scale Improvement in Solar Photovoltaic Module Production over 30 Years
Module Price ($/Wp)
Annual Shipments (MW)
$/W Price
MW Shipments
45
40
35
30
25
20
15
10
5
0
2500
2000
1500
1000
500
0
1976
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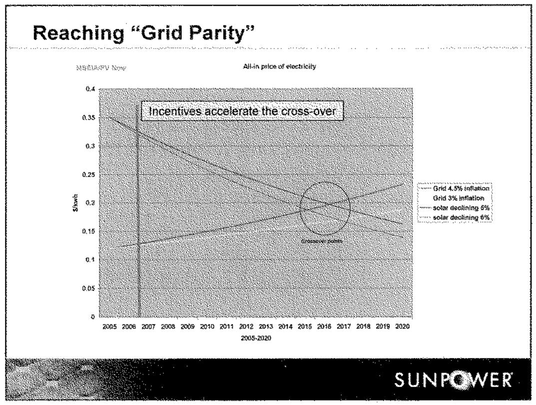
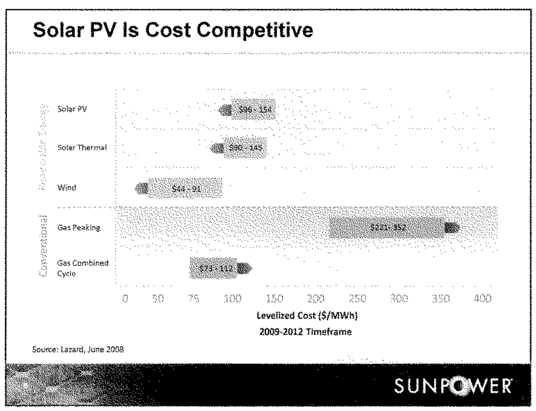
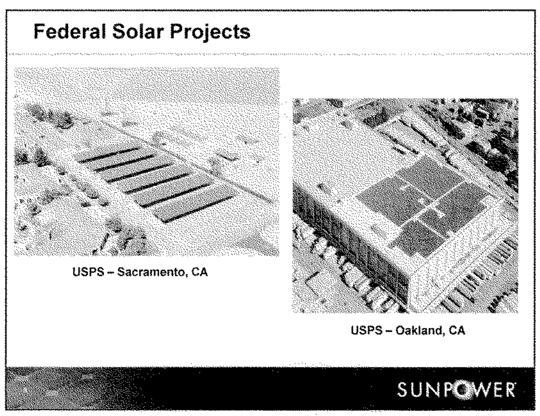
SUNPOWER

Testimony to the House Committee on
Transportation and Infrastructure

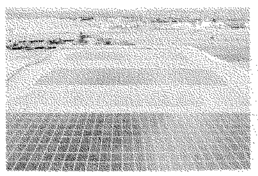




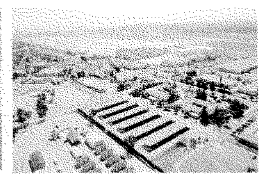

Key First Step in Federal Action to Support Solar
The New York Times
Newly passed federal 30% solar ITC extension will unleash private capital and bring us to grid parity within eight years
SUNPOWER


Federal Solar Projects
USPS – Sacramento, CA
USPS – Oakland, CA
SUNPOWER

Federal Solar Projects



US Navy, Ford Is. Pearl Harbor, HI

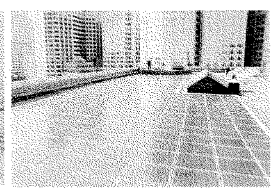


Air Force, March Air Reserve Base, CA

SUNPOWER

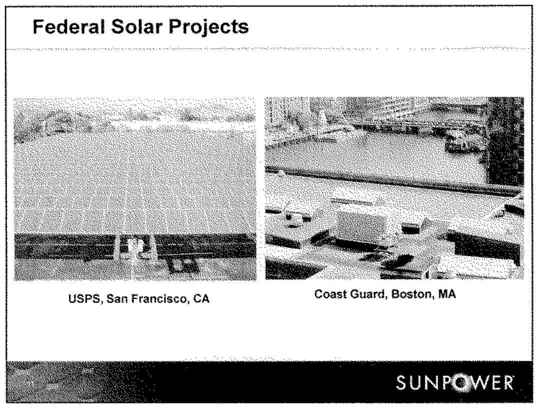
Federal Solar Projects

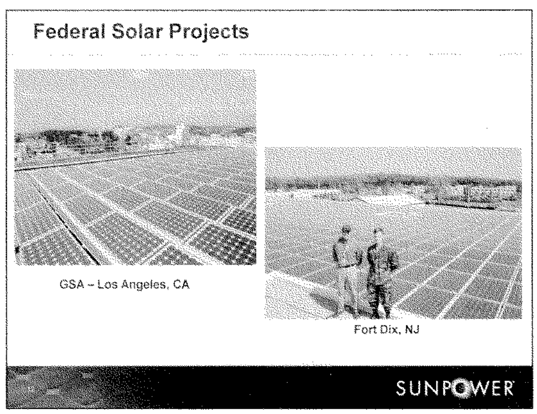
US Marine Base, Twenty Nine Palms, CA

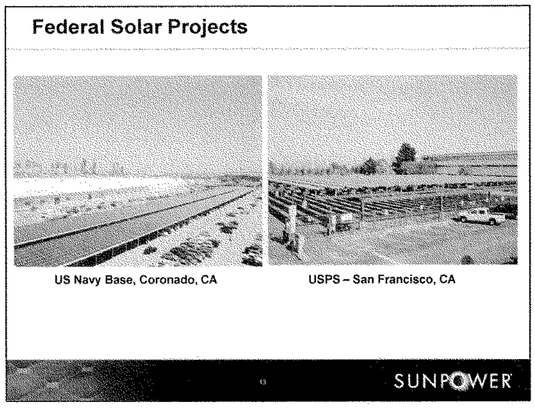


GSA – Boston, MA

SUNPOWER

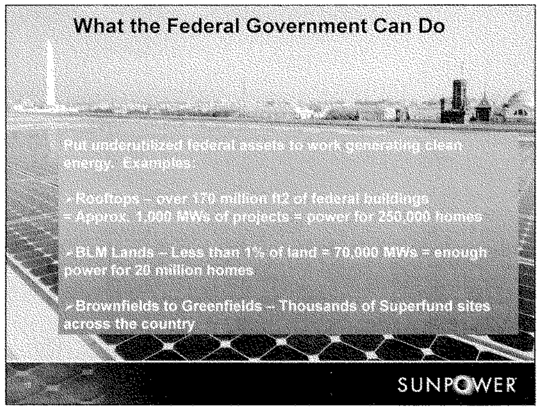

Federal Solar Projects
USPS, San Francisco, CA
Coast Guard, Boston, MA
SUNPOWER


Federal Solar Projects
GSA – Los Angeles, CA
Fort Dix, NJ
SUNPOWER


Federal Solar Projects
US Navy Base, Coronado, CA
USPS – San Francisco, CA
SUNPOWER


Nellis Air Force Base, Las Vegas NV – 14MW
SUNPOWER

Testimony to the House Committee on
Transportation and Infrastructure



What can solar offer?

- Jobs
  - Green collar jobs
  - Helps "Main Street"
  - Puts plumbers, electricians, roofers, steelworkers, engineers, and architects back to work in solar jobs
  - Helps revitalize manufacturing and high-tech sectors
- Save taxpayer $
  - Federal Gov't is largest utility customer
  - Spends $5.8 billion annually on electricity costs
  - Unleash billions $ of private capital to build projects and save taxpayer $

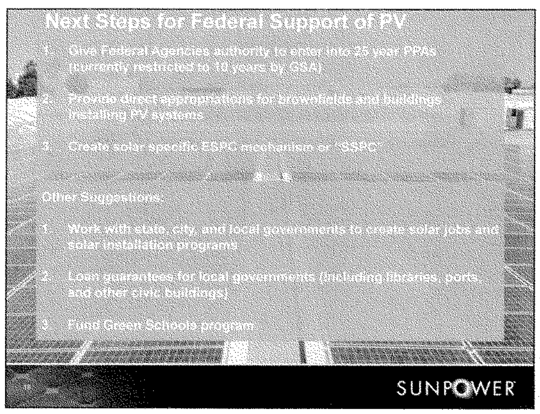
SUNPOWER

Testimony to the House Committee on
Transportation and Infrastructure

What can solar offer?

- Security
  - Solar displaces natural gas electricity production
  - Hedge against future price inflation
  - Especially important with OPEC-like natural gas cartel
- Carbon Displacement
  - Climate crisis is the largest threat facing our nation and the world
  - Solar provides a carbon-free source of clean energy

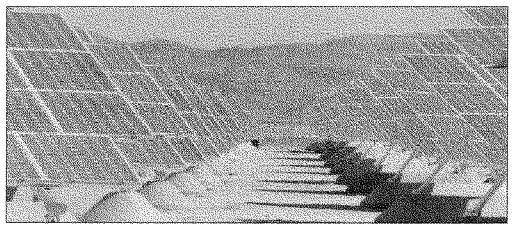
SUNPOWER



Testimony to the House Committee on
Transportation and Infrastructure

Thank you

Thomas Leyden, Managing Director
SunPower Corporation
609.964.8901
tleyden@sunpowercorp.com



Nellis Air Force Base

SUNPOWER

Laborers' International Union of North America

LiUNA!

Feel the Power

Testimony of Terence M. O'Sullivan,
General President,
Laborers' International Union of North America,
Transportation and Infrastructure Committee, U.S. House of Representatives
Wednesday, October 29, 2008

Thank you Chairman Oberstar, Ranking Member Mica, and distinguished members of the Committee.

On behalf of the Laborers' International Union of North America and the men and women who dedicate their lives to building America, I want to express our gratitude for the opportunity to be heard here today.

As I speak to you the construction industry is in the midst of the worst, most sustained downturn in 40 years. Unemployment among construction workers has nearly doubled since last year to 9.9 percent, with just shy of 1 million construction workers out of work – the highest level in recent memory.

This industry – a key driver of our economy – is in crisis.

This year our nation has put in place two economic stimulus plans to get the economy moving again. Each of those plans focused on hundreds of billions of dollars as a shot in the arm for consumers or for Wall Street in the hopes of a needed kick-start.

But these efforts were like using a can of Red Bull and a candy bar to fix the problem. They provided no lasting impact, left no sustainable jobs behind and did not provide tangible assets to taxpayers. From the bailout of Wall Street to tax rebate checks, each emphasized consumer spending or credit availability, not stimulus based on a jobs recovery or sparking sustainable economic growth.

Building our economy by building America – the basics we all depend on every day -- offers an historic opportunity to address urgent economic issues, to take care of America for a change and invest in lasting stimulus.

I congratulate this Committee on its continual bipartisan focus on this issue and in particular for moving forward at this point in time.

Mr. Chairman, it's time to put some meat on the bones of economic stimulus by increasing income security, not just credit availability, and leaving behind real, lasting capital assets for our nation and the future generations who will pay for fixing our economy.

More than ever, workers need paychecks, not stimulus checks.

905 16th Street NW | Washington, D.C. 20006 | 202-942-2246 | www.LiunaBuildsAmerica.org

Just this year, nearly half of our 684,000 net job loss has been in the construction industry. In fact, since the beginning of 2007, there are 601,000 fewer construction jobs – jobs that are a powerhouse of our economy, filled by workers whose incomes quickly circulate throughout communities across the country.

In September 2007, the unemployment rate among construction workers was 5.8 percent. In September of this year, it was 9.9 percent. Joblessness among construction workers is now higher than in any other industry sector. This decline in the construction industry -- unless something is done – is forecast to escalate further by another 7 percent, or $35 billion less construction investment, in 2009.

Construction jobs are too good to keep losing. They provide family-supporting pay averaging more than $40,000 year, a third more than average earnings. They benefit the working class population among the hardest hit by the current crisis – those struggling with job loss, with foreclosures, with devastated retirement savings and with the very ability to simply make ends meet. They benefit a cross section of America – African-American, Latino, whites, men and women.

And the work these men and women could be doing is critical to our country, making our transportation systems, energy systems and education systems more productive and more competitive in the global economy.

There are numerous build America projects which are ready to go today and can create good jobs right now.

For example, in the public sector alone, we can start tomorrow with a green initiative retrofitting public buildings to increase energy efficiency, providing a shield against future oil costs and supply instabilities – and put 800,000 construction workers back to work, according to testimony from the Political Economy Research Institute just last week before the House Education and Labor Committee.

In states coast-to-coast, ready-to-go transportation projects, ranging from routine maintenance – which left undone threatens safety – to badly needed capacity upgrades which left undone leave America uncompetitive – have been put on hold due to a lack of resources.

Just by way of example, in nearby Virginia where 11,400 construction jobs have disappeared since 2007, we can put thousands of people back to work on crucial projects right now ranging from needed improvements to the Fairfax County and Prince William County Parkways to bringing Metrorail Stations up to par to allow for a critical increase in mass transit capacity.

Building America will build our economy now and for future generations in places such as Michigan, where 24,500 good construction jobs have been lost since 2007 ... in Illinois, where 19,300 construction jobs disappeared ... in Minnesota, where 11,300 construction jobs have been lost...in Oregon, with 10,100 construction jobs lost ...or in Nevada, where 19,700 construction jobs have disappeared.

In fact, there are ready-to-go transportation projects in every state in America, which we estimate based on available data, would support as many as 855,000 jobs within 90 days.

Getting these projects going will do more than address immediate pain. It will help to build America so America works again in every sense of the words.

Today, 26 percent of our nation's bridges are in need of repair or replacement. Roadways in poor condition or over capacity cost the typical motorist $1,000 a year in wasted gas and contribute in some fashion to a third of traffic fatalities – not to mention our enslavement to foreign oil.

And across America, our children are crowded into more than 220,000 temporary classrooms while modernization and upgrades of permanent structures could quickly begin, putting men and women back to work in virtually every community.

There are ready-to-go water resources projects under the jurisdiction of the U.S. Army Corps of Engineers – ranging from flood control to water supply projects – which would create an estimated 332,500 jobs, and begin to address the 3,650 dams and levees that, three years after Hurricane Katrina, remain unsafe.

Today the Environmental Protection Agency estimates sewage overflows at 850 billion gallons a year and that blocked or broken pipes result in the release of as much as 10 billion gallons of raw sewage a year. Needed upgrades for public water treatment plants could begin within weeks, creating approximately 300,000 jobs and finally addressing this problem.

America has an urgent need for new energy sources and better use of those we have – yet our deteriorating power grid is costing us $80 billion a year in blackouts and inefficiencies.

The 10 million American workers who are proud to say they build for living have a self-interest stake in what Congress does in the coming weeks on economic stimulus. But their stake does not end with self-interest. It is what we do – we build, we make things better, we proudly tell our children, "I built that," leaving behind assets for future generations, real symbols of our nation's greatness just as are the Hoover Dam, the Interstate Highway System, the Blue Ridge Parkway and numerous other accomplishments still in use today.

America's workers want to build America. Mr. Chairman, members of the Committee, now more than ever, we must help them to do it.

Earlier this year LIUNA began a public information effort to help making building America a national priority. Through ads, media outreach and member mobilization, we intend to continue that effort.

I would like the Committee to see and hear part of our message in this effort, called build America, so America works.

[--- video ---]

We intend to continue to bring the voices, faces, hopes, and dreams of the people who build America to light.

Members of the Committee, I urge you to listen to people like Mike Agaman, a construction laborer in Reno, Nevada, and a member of LIUNA.

All around him, Mike sees neighbors in crisis, facing foreclosure on their homes and losing their jobs. He sees dreams being destroyed. Mike used to build northern Nevada's water and sewer lines, helping to prevent flooding.

That work dried up. The credit squeeze and downward economic spiral has left him scrounging part-time work week-to-week.

The bailout of Wall Street has not reached Mike or millions like him.

The tax rebate check from earlier this year is long gone.

He has no capital gains. And a tax cut for the rich will do nothing for him.

LIUNA members and millions of working Americans like them are asking: If we can spend trillions to bail out Wall Street and give tax breaks to the wealthy, can we seize this moment, finally tackle these enormous issues and take care of America and its Main Streets for a change?

There is urgent work to be done and Americans urgently need work.

This is about jobs and economic recovery, but it is also an historic opportunity to ensure the quality of daily life, to save lives, to fight for our country and the American Dream.

Emerging nations such as India and China are investing four-times the share of their GDPs as we are in the backbones of their nations. It is no overstatement to say that the greatness of America is being tested here today and in the weeks ahead.

This is a no-brainer. We can help rescue our economy, rescue working America, and leave behind real assets that will benefit our entire nation for years to come.

As a first step, we urge Congress to enact stimulus with significant investment in building America in the area of $100 billion, or a third of a $300 billion total effort. It is a first step because the actual needs of the basics of our country, according to the American Society of Civil Engineers, are now 16 times that, or $1.6 trillion, due to years of misplaced priorities and neglect.

With the leadership this committee is demonstrating, we can turn lemons into lemonade and from this wrenching economic crisis create jobs and a lasting legacy that benefits every American every day.

Mr. Chairman and members of this committee, thank you for the opportunity to offer this testimony. We are eager to continue to work with you in the future to build America, so America works again.

###

TESTIMONY OF

JOHN D. PORCARI
SECRETARY
MARYLAND DEPARTMENT OF TRANSPORTATION

ON BEHALF OF

THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

REGARDING

INVESTING IN INFRASTRUCTURE: THE ROAD TO RECOVERY

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
UNITED STATES HOUSE OF REPRESENTATIVES

October 29, 2008

AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS
AASHTO
THE VOICE OF TRANSPORTATION

American Association of State Highway and Transportation Officials
444 North Capitol Street, Suite 249
Washington, D.C. 20001
(202) 624-5800

Mr. Chairman and Members of the Committee, my name is John Porcari. I am Secretary of the Maryland Department of Transportation. I am here today to testify on behalf of the American Association of State Highway and Transportation Officials (AASHTO) which represents the departments of transportation in the fifty states and the District of Columbia and Puerto Rico. We want to thank the leadership of the House of Representatives for aggressively moving forward with a package to achieve economic recovery. And we especially want to thank you for convening this hearing to discuss how investment in our nation's infrastructure can have an immediate and long-lasting effect on our economy.

Today, I would like to cover three points –

1. An immediate and long-lasting economic gain can be realized from investing in our transportation capital assets across all modes (highway, transit, rail, aviation, and ports and waterways);
2. The unprecedented fiscal crises already facing at least half of the States is taking a toll on our ability to preserve, maintain, and operate our transportation systems;
3. States have highway and transit projects that are planned and ready to start, and the construction industry has machinery and people ready to go to work. Congress can help to accelerate the process of getting projects moving with special attention to a few program administration details.

It's important to remember that capital investments are fundamentally different from other kinds of government operations spending. Transportation dollars are converted to physical assets that will last 50 to 100 years or more and provide future generations with a modernized system to enable us to remain competitive in the global economy. At the same time, such investments also create and maintain well-paying "made-in- America" jobs. By getting projects underway this winter and spring, new funding will support much-needed employment and puts idle equipment back in operation.

We suggest that you consider an economic recovery package that provides funding for two types of transportation infrastructure projects –

- First, the more routine, quick turnaround project types such as bridge re-decking or pavement resurfacing for which bids could be awarded within 120 days. With funding, many of us can swiftly move forward on these projects. While slightly more than half of the states could initiate construction in late winter or early spring, the remaining states enjoy a year-round – or close to year-round -- construction season and could have work underway over the next few months.
- Second, we need funding for the more complex, larger projects that are ready to go but may need additional time – up to 6 months – to award bids and then begin construction.

In Maryland, we have identified nearly three dozen projects costing approximately $150 million that we could obligate within 120 days should additional federal funds become available. About 80 percent of those projects would be in the urbanized areas of the State and the remainder in the rural areas. One of the projects on the list would overlay three lane-miles of an Interstate route in the urban area at a cost of $2.4 million. This particular facility carries 60,000 vehicles per day and the improvement would add 15 years to the pavement service life. If this resurfacing is not completed soon, the cost to maintain and rehabilitate the road will increase significantly.

We have another overlay project on the list in a rural area of the State popular with tourists, carrying nearly 10,000 vehicles a day. Nearing the end of its useful service life, this facility now requires a structural and functional overlay to meet the traffic demands. The estimated cost of this project is $1.8 million. It will improve almost 5 lane-miles and add 15 years of service life. The roadway is subjected to harsh winters and damaging snow-plow operations, and is exhibiting widespread surface raveling and fatigue cracking. If the resurfacing is delayed, the overall project cost will be higher because the roadway will continue to deteriorate. Additional preventive pavement activities will also be necessary to maintain the road in a safe condition.

My second point is that today's moribund economy coupled with last month's unprecedented Highway Trust Fund cash flow crisis has resulted in an ever-increasing number of postponed or cancelled projects Just nine months ago, state departments of transportation identified more than 3,000 projects totaling over $18 billion for which contracts could be awarded within 90 days. The U.S. Department of Transportation has estimated that each billion of highway investment supports more than 33 thousand good paying American jobs. Today, that number and dollar value is considerably greater. Due to state budget crises, almost half of the States have been forced to shelve planned and ready-to-go transportation projects, reduce services to the public and eliminate state agency positions along with other cost-cutting measures. The budget gaps may widen as we continue to see a shrinking revenue pool from payroll, property and sales taxes as well as state motor fuel taxes and fees. The requirement most states have for a balanced budget means an immediate and severe impact in terms of delayed or cancelled projects.

Just this fall, we in Maryland deferred $1.1 billion of needed transportation projects in our six-year capital program due to the economic downturn on State revenues. We have also been hurt by the recent shortfall in the Federal Highway Trust Fund and the economic crisis on Wall Street, which had a chilling effect on the municipal bond market.

Prior to this fall, bonds had supplemented many states' abilities to move forward with critical projects. Now, however, my state has postponed the issuance of the remainder of GARVEE bonds—another $425 million toward meeting our critical needs. We are hopeful recent activity in the market will allow us to move forward with a bond sale sooner rather than later. We simply do not have the state revenue to proceed.

While the funding we are discussing here today will not alleviate the issues in the bond market, this new infusion will dramatically help states to address immediate needs in their infrastructure program. AASHTO supports emergency funding as well as the following program adjustments to accelerate transportation investments.

Congress can make the situation for all states significantly better. By acting to provide funding for recovery investments, Washington will be sending a signal that could help strengthen the markets for states that are looking to sell bonds. In addition, the provision of emergency funding and the adjustment of a few program requirements will help accelerate immediate transportation infrastructure investments.

- First, we recommend temporarily suspending the matching requirement on federal funds. An exemption from the 20 percent non-federal match would relieve States from having to go immediately to their legislatures for additional funds to match the federal contribution.

- Second, we urge Congress to apportion the emergency funds to states based on their overall relative levels of apportionments or using the formula for distributing obligation authority. A "category-neutral" apportionment would expedite states' use of these funds.

- Finally, we appeal to Congress to eliminate the $8.5 billion rescission of contract authority required in SAFETEA-LU to be applied at the end of this fiscal year. The looming rescission has caused most states to plan and program for significant additional program constriction, exacerbating the delays in further project planning and future project lettings. While this may have been a reasonable recalibration strategy when it was enacted over three years ago, the economic downturn, rapid inflation and terrible state of both federal and state transportation revenues make this upcoming rescission ill-timed and damaging to our nation's transportation system.

Beyond highway projects, our state and others have additional critical infrastructure needs in transit, rail, maritime and aviation infrastructure.

We hope Congress will agree to provide sufficient resources for the Army Corps of Engineers to maintain the proper depth and width of shipping channels that are essential for the safe and efficient operation of ships serving our Ports. With the growth in size and number of ships serving US ports, it is vital to keep our waterways maintained at their authorized depth on a year-round basis. The cost of inaction is great: this past summer, we dealt with that unfortunate reality in Maryland when insufficient dredging activities led to reduced operations and a shoaling incident with economic consequences but thankfully, no environmental damage. We may not always be so lucky and therefore urge full funding for the Corps Operations and Maintenance account.

On the public transit side, system preservation is a pressing issue in the current economic climate—we must "fix it first" to serve our current riders as well as new customers who are using transit in ever-growing numbers as a result of higher gas prices, economic strains on families, and a desire for transportation alternatives.

Additional transit funds can be used to accelerate projects that are fundamental to the safe and efficient operation of our transit system in Maryland and other states. With supplemental funding, we in Maryland can improve asset management, upgrade emergency and safety equipment, refurbish vehicles and stations, expand parking facilities and improve switches.

And lastly, passenger rail projects should also be eligible for funding. The Federal Railroad Administration made awards this fall under the Intercity Passenger Rail grant program but left a significant number of good projects on the table due to lack of funding. Recent enactment of the rail safety bill that included authorization for intercity passenger and other rail programs points to the great support for these infrastructure needs nationwide and should be reflected in a comprehensive transportation funding measure.

Mr. Chairman and Members of the Committee, I thank you for inviting me to testify and for your recognition of the role that near-term transportation infrastructure investments can play in accelerating our Nation's economic recovery. My State and AASHTO stand ready to assist you and the other leaders in Congress as you deal with this most critical issue. I will be happy to answer any questions you may have.

TESTIMONY OF

BEVERLY A. SCOTT, Ph.D.

GENERAL MANAGER/CHIEF EXECUTIVE OFFICER
METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY (MARTA)

AND

CHAIR, AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

BEFORE THE

HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

ON

PUBLIC TRANSPORTATION'S ROLE IN ECONOMIC RECOVERY

****

OCTOBER 29, 2008

SUBMITTED BY

Metropolitan Atlanta Rapid Transit Authority
2424 Piedmont Road NE
Atlanta, GA 30324
www.itsmarta.com

American Public Transportation Association
1666 K Street, N.W.
Washington, DC 20006
www.apta.com

Chairman Oberstar, Ranking Member Mica and distinguished members of the Committee, I want to thank you for the opportunity to testify. I am speaking today on behalf of both the Metropolitan Atlanta Rapid Transit Authority in Atlanta, Georgia (MARTA) and the American Public Transportation Association (APTA). I am MARTA's General Manager and Chief Executive Officer, and I also proudly serve as the 2008-2009 chair of APTA.

As Congress examines strategies to address the current economic crisis, I want to applaud this Committee for holding today's hearing. We simply must get our economy back on track, and the most important way to do that is to create new jobs, and give our citizens the tools they need to find jobs and keep working.

Throughout the state of Georgia and across the nation, transit providers are stretching every available dollar to meet rapidly increasing demand. Numerous projects on the drawing boards throughout my state are unfunded, simply because of a lack of available funds at the state and local levels for transit investment. The opportunity for the federal government to invest in job creation and environmental sustainability through transit infrastructure has never been greater. APTA has recently completed a national survey of transit systems, and we have identified more than **$8 billion in "ready-to-go" projects** that could begin within 90 days of federal funding being made available. These projects will create new economic activity and put thousands of people to work building much needed infrastructure.

Moreover, transit is truly a lifeline for many who use it as their transportation to and from work, and for many others, it is an affordable and sustainable transportation choice that allows them to use more of their hard-earned wages for other pursuits. On average, a transit user saves more than $9,499 per year by taking public transportation instead of driving, based on recent gas prices.

In the Atlanta region, MARTA carries more than 450,000 passengers per day on our heavy rail, bus, and paratransit services. Since the spring, we have seen our ridership consistently increase each month over the same month last year. MARTA provided service for over 14 million customers in September 2008—a 13.3 percent increase in total ridership over September 2007. Other regional providers, like the Georgia Regional Transportation Authority's Express buses, Cobb Community Transit, and Gwinnett County Transit, take many more thousands of cars off Atlanta's congested highways every day.

To cite just a few examples of how transit agencies across Georgia could make immediate use of federal investment:

- The Columbus transit system, METRA could immediately utilize $900,000 in stimulus funding to acquire three (3) replacement clean fuel buses; and Hinesville/Liberty County, home of Fort Stewart, has a critical need for $200,000 to purchase small passenger buses under an option to an existing contract.
- Cobb County Transit and the Gwinnett County transit system--each located in suburban Atlanta--have combined near-term capital needs in the estimated amount of $22 million to construct a new park-and-ride lot and transit center, to acquire new buses and paratransit

vans, to complete the mid-life overhaul of 28 CNG buses, as well as implement smart-bus technology and security enhancements.

- The Clayton County Transit System has an immediate need for $7.4 million for vital capital projects, including the acquisition of 12 clean fuel buses to relieve overcrowding and replace aging vehicles ready for retirement.
- The Georgia Regional Transportation Authority has immediate unfunded needs of $21 million to purchase 42 additional express coaches to meet ridership demands for downtown Atlanta routes, and an additional $15 million to construct three park-and-ride lots in Gwinnett, Henry, and Rockdale counties to meet rising demand for express bus service.
- And finally, my own system, MARTA, could readily utilize $15.5 million in capital funding for vitally needed facility improvement projects. This includes $12.4 million for the Stonecrest park-and-ride facility in DeKalb County that will provide much-needed capacity to meet the increased demand for express bus service in the congested I-20 East Corridor; and $2.5 million for the acquisition and installation of new bus mechanical lift equipment at our Brownsmill heavy maintenance facility.

The projects in Atlanta are just the tip of the iceberg. As I mentioned earlier, APTA has recently completed a new survey of its member transit systems, and we have identified more than $8 billion in "ready-to-go" projects from 170 transit systems that could begin within 90 days of federal funding being made available.

- The Chicago Transit Authority's (CTA) ridership has been growing rapidly, increasing by over 21 million rides - an increase of 6 percent - from January through September of 2008, over the same period of the previous year. However, ridership would be even higher if aging and unreliable 1991 buses (which are much older than the 12-year FTA guideline for buses) were replaced, and if rail slow zones were reduced. The CTA's "ready-to-go" projects include the purchase of 200 diesel-electric hybrid buses from New Flyer, Inc. in St. Cloud, MN ($166 million) to replace the fleet's oldest buses; and track renewal projects for the Blue Line Dearborn Subway track ($87 million) and for the South Loop elevated tracks ($31 million) that are home to the Orange, Brown, Green and Purple Lines. If federal funding were made available, the oldest buses in the CTA fleet could be retired, and deteriorating ties, track and fasteners could be replaced on select subways and elevated lines, thereby eliminating the main cause of slow zones on the system. Both the bus purchases and the track renewal are ready to proceed should federal funding be available.
- In Eugene, Oregon, Lane Transit District's (LTD) ridership increased 17 percent in FY 2008 (33 percent in June alone), but the transit system is facing a significant funding shortfall as a result of declining local payroll taxes which support LTD. Despite a recent scheduled fare increase, LTD's contingency funding will be exhausted by the end FY 2009, and the transit system is anticipating the need to cut 15% or more of its services. In addition to federal assistance to maintain its services, LTD could use federal funds immediately to purchase 20 replacement hybrid-electric buses ($10 million) and remodel a bus maintenance facility ($4.5 million).

- Knoxville Area Transit (KAT) in Tennessee has experienced tremendous ridership growth and has a great need to replace a portion of its regular bus fleet. An infusion of $6.8 million would enable KAT to immediately acquire 20 clean fuel transit buses to replace older buses that have exceeded the FTA useful life standard. These buses would be acquired via a "piggyback" option to another bus procurement contract. KAT has seen its ridership increase by 15% this year alone, and by 23% between September 2007 and September 2008. These new buses would enable KAT to address this heightened passenger demand in a reliable and effective manner.
- In the San Francisco/Oakland Bay region, the Bay Area Rapid Transit District (BART) is experiencing monumental ridership growth. BART carries more than 104 million passengers a year and just last month, BART passed the 400,000 daily ridership mark for the first time. These numbers do not look like they are going to decrease anytime soon. BART would target stimulus funding to respond to ridership demands by constructing a set of crossovers near the Pleasant Hill BART station. Crossovers would provide a much needed turnaround point to run more frequent trains to and from San Francisco from Pleasant Hill during peak commute hours. This $15 million project will reduce delays for passengers during peak hours, lay the foundation for expanded service and create local jobs. Additionally, BART faces the duel challenge of maintaining its aging system while addressing increased ridership and expanding service. The top priority for BART in this regard is shoring up its core systems, which would include replacing electrical equipment, emergency generators and rail switchers to ensure that service continues through this surge in ridership. These core systems projects are estimated to cost $25.3 million.
- The California Capitol Intercity Rail Corridor could readily utilize $6 million in stimulus funding to support the construction of the San Jose Station Terminal Improvement Project. The South Terminal/San Jose Project is located at the Diridon Station in San Jose and includes construction of 2 new platforms at the Diridon Station (with stairs and ADA ramps to access the existing pedestrian underpass) and construction of new tracks and crossovers/turnouts. Construction is scheduled to commence in January 2009. Economic Stimulus assistance could be used to match $46 million in identified state, federal and local dollars and would be obligated into the project construction contract within sixty (60) days after award/allocation of funds. This project will greatly benefit this well-traveled corridor by expanding capacity along the rail route, thereby improving fluidity of station operations, enhancing reliability and supporting additional train service.

Not only do transit systems need assistance for capital projects, transit providers also need help to maintain their current services. Transit systems across the United States are being forced to choose between raising passenger fares or cutting service to make up for shortfalls in local funding and the increased cost of diesel fuel this past summer. The burden is so great that 35 percent of public transportation providers who responded to another recent APTA survey have been forced to cut or plan to cut the level of passenger service they provide in spite of the growing demand. Transit needs to be part of the solution to – not the victim of – the current economic crisis. This could not happen at a worse time. Public transportation ridership has grown dramatically this year, and we need to continue that growth.

We applaud the efforts of Chairman Oberstar and Ranking Member Mica to prevent fare increases and service reductions through the "Saving Energy Through Public Transportation Act of 2008" (H.R. 6052). Elements of this important bill were included in the recent stimulus package passed by the House, and it is essential that this support for agencies facing increased fuel costs and reduced local funding be retained in any future stimulus or economic recovery legislation.

In addition to shrinking local sources of funding for public transportation, 31 of the nation's largest transit systems, including MARTA, could be financially crippled in the coming months as a result of the collapse of the nationwide credit markets and the ratings downgrade of AIG and other insurers. From the early 1990s to 2003, the Federal Transit Administration urged transit systems to enter into innovative financing deals known as Sale-in/Lease Out and Lease-In/Lease Out (SILO/LILO) transactions. These transactions helped transit systems finance large, capital intensive projects by selling their assets to investors and leasing them back. The transit agencies received up-front one time payments in consideration for future tax benefits for the investors, until these transactions were prohibited in 2003. To secure these transactions, sale proceeds in the form of Treasury securities were placed into an account that AIG and a small number of other insurers guaranteed. Under the terms of the contracts, transit agencies are responsible for replacing the guarantors of the secured assets if they fail to maintain a certain bond rating- often "AAA" status. Unfortunately, because AIG and the other insurers have lost their "AAA" rating, and there are no available financial institutions to replace them, the equity investors are able to find the transactions in default. Under this scenario, through no fault of their own, transit agencies could be forced to pay hundreds of millions of dollars in fees to make the investors whole. The banks have the opportunity to gain 100 percent of the tax benefits that have been disallowed, which would in turn devastate transit agencies, which will be required to pay more than $2 billion to the banks immediately.

The U.S. Treasury has the power under the recently enacted Emergency Economic Stabilization Act of 2008 (P.L. 110-343) to take over the role of AIG and other insurers in SILI/LILO transactions. This would prevent any predatory action by banks against transit systems, and because the Treasury would be backing its own securities, there is no financial risk on the part of the federal government. APTA has urged the U.S. Treasury to take this action immediately. We urge Congress, and Members of this Committee, to contact the U.S. Treasury and request that they intervene on our behalf. Failing this, we hope to work with Congress to enact a legislative remedy in economic stimulus legislation or another legislative vehicle.

In spite of these many challenges, as a veteran of more than 30 years in the public transportation industry – with stops in Houston, Washington, DC, New York, New Jersey, Dallas, Rhode Island, Sacramento, and now Atlanta – I can honestly say that what we are seeing today is truly a transit renaissance.

More riders than any time in the last 50 years.

Last year, 10.3 billion trips were taken on U.S. public transportation – the highest number of trips taken in fifty years. Public transportation use is up 32 percent since 1995, a figure that is more than double the growth rate of the population (13 percent) and up substantially over the growth rate for the vehicle miles traveled (VMT) on our nation's highways (24 percent) for that same period. In fact, in recent months growth in transit ridership has accelerated while use of our highways has fallen. Transit ridership grew by more than 5.2 percent in the second quarter of 2008, while the Federal Highway Administration (FHWA) has reported that the vehicle miles traveled on our nation's roads declined by 3.3 percent.

A national focus on preserving our environment for future generations.

Consider a typical two-adult, two-car household where both adults commute separately by car. If just one person in the household switches a 20-mile total round-trip commute to existing public transportation, his or her annual carbon dioxide (CO_2) emissions will fall by 4,800 pounds per year, equal to a 10 percent reduction in all greenhouse gases produced by members of the household. If the entire household chooses to eliminate one of its cars and take public transportation, walk or ride a bicycle instead of driving for most of its trips, a savings of up to 30 percent in carbon dioxide emissions can be realized. This is more CO_2 savings than if that household went without electricity.

A recognition that we cannot build our way out of traffic congestion any more than we can rely on just gasoline for our future energy needs.

By reducing travel and congestion on roadways and supporting more efficient land use patterns, transit saves the U.S. 4.2 billion gallons of gasoline each year, the equivalent of more than 11 million gallons per day. That amount of savings is equivalent to oil refined from 102 supertankers, or more than three times the amount of oil we import from Kuwait each year.

If there were ever a time for us as a nation to move forward together and boldly, this is that time. There is a profound convergence of forces and events at work on every level – economic, demographic, environmental, global – that has placed us at a defining moment for our nation.

After only one year as the General Manager at MARTA in Atlanta, I have already seen this shared vision for increased investment in transit and transportation manifest itself through an unprecedented effort by regional and state leaders to develop a multi-modal transit plan for the Atlanta region for the next 50 years. What we have accomplished together in the last year would not have been possible five or ten years ago, and it has much to do with the public's desire for more transportation alternatives.

As you can see, this shift is dramatic, and it is occurring all over the country. And it is occurring at a time when we could all use a little help to get through this economic downturn.
We need help that demonstrably moves the needle – for our economy, global competitiveness, our environment, public health, national security, personal independence and household affordability – resulting in real outcomes addressing real needs for real people – across our country. I urge the Congress to move forward with an economic stimulus package that recognizes the value of investing in our nation's public transportation infrastructure.

An investment in public transit is – the single "best bet" that we can place as a nation.

NEIL ABERCROMBIE
1ST DISTRICT, HAWAII

COMMITTEE ON
ARMED SERVICES
COMMITTEE ON
NATURAL RESOURCES

Congress of the United States
House of Representatives
Washington, D.C. 20515

October 24, 2008

The Honorable James L. Oberstar
Chairman, House Committee on
Transportation and Infrastructure
2165 Rayburn HOB
Washington, D.C. 20515

Dear Chairman Oberstar,

I would like to bring to the attention of the committee the draft testimony of Mr. Anasstassis P. Margaronis, President of Santa Maria Shipowning and Trading, Inc. Please consider him as a witness for your hearing on Wednesday, October, 29, 2008 at 9:30am. I have attached for your consideration his proposal, How the U.S. Marine Highway Can Create New Jobs and Economic Development in the United States. He has previously testified before the Committee in February of 2007 regarding the development of short sea shipping in the United States.

I believe that Mr. Margaronis' experience in the shipping industry will prove very valuable when dealing with the infrastructure issues that plague our transportation systems. His proposal to take some of that stress off our nation's highways, and instead use our waterways, not only makes sense from an environmental standpoint, but would also allow for new construction of Jones Act vessels. He contends that this new construction would generate ship building as well as seafaring jobs.

I would very much appreciate it if you would allow Mr. Margaronis to testify before your committee. I believe that this would allow Members of the Transportation Committee to get a better understanding of an economic stimulus opportunity that could benefit not just the shipping industry, but industrial sectors and the environment as well.

Thank you very much for your consideration.

Sincerely,

Neil Abercrombie

Neil Abercrombie
Member of Congress

ORIGINATED FROM

WASHINGTON OFFICE: 1502 LONGWORTH HOUSE OFFICE BUILDING, WASHINGTON, D.C. 20515 (202) 225-2726 / 225-4580 FAX
HOME OFFICE ROOM 4-104, 300 ALA MOANA BLVD., HONOLULU, HAWAII 96850 (808) 541-2570 / 533-0133 FAX
Homepage: http://www.house.gov/abercrombie/ E-mail neil.abercrombie@mail.house.gov

TESTIMONY BEFORE THE HOUSE TRANSPORATION AND INFRSTRUCTURE COMMITTEE BY ANASSTASSIS P. MARGARONIS, PRESIDENT OF SANTA MARIA SHIPOWING AND TRADING ON WEDNESDAY, OCTOBER 29TH, 2008: "HOW THE MARINE HIGHWAY CAN HELP REBUILD THE U.S.ECONOMY"

ECONOMIC IMPACT OF THE MARINE HIGHWAY
For many years, the United States has faced a lack of investment in transportation, clean air, manufacturing, fuel-efficiency and family wage jobs that today can be addressed by investments such as the marine highway initiative. The marine highway can take thousands of trucks off U.S. roads and on to more fuel efficient American-built ships. These ships can be financed by the U.S. Maritime Administration's Title XI loan guarantee program that requires 5 cents of taxpayer money to guarantee every $1 dollar loan made to finance new ships. These marine highway guarantees will encourage banks to make more loans for U.S. jobs and economic development.

Within the next two years, the United States can generate thousands of new high-paying jobs at new and existing shipyards in the Great Lakes, Atlantic, Pacific, Gulf and Mississippi river regions as well as cargo-handling jobs at U.S. ports and new jobs for American mariners. Ships require only 25% of the fuel used by trucks to carry the same cargo, so major savings in fuel costs and carbon emissions can be realized. Finally, marine highway ships reduce costs to taxpayers of highway maintenance and repair when they shift truckloads on to ships.

TAKING 40,000 LONG-HAUL TRUCKS OFF U.S. HIGHWAYS SAVES TAXPAYERS MONEY
It is possible to shift the average 20,000 truckloads per day that transit the East Coast I-95 corridor and the 20,000 trucks on the West Coast's I-5 corridor on to new fuel-efficient ships. As a result, truckers can focus on shorter pick-ups and deliveries from ports rather than getting stuck in traffic on long-haul trips that are increasingly uneconomical due to high fuel prices. This also improves driver utilization for trucking companies.

The estimated cost of building 66 ships to carry the 40,000 truckloads is $3.3 billion. This is based on Santa Maria's estimate of $50 million for a ship carrying 300 fifty three foot containers. The loan loss reserve for the Title XI program would require an allocation of $165 million to guarantee $3.3 billion in shipbuilding.

The cost to U.S. taxpayers of one road widening: the 710 freeway serving the ports of Los Angeles/Long Beach is $5.5 billion - primarily due to harbor trucking. An estimated 15% of that harbor trucking could be shifted on to 8 ships for deliveries to nearby San Diego for loan guarantees costing taxpayers $10 million. This would finance 8 small coastal ships at a construction cost of $208 million.

SAVINGS TO THE HAWAII ECONOMY
Another example is the state of Hawaii, where new, U.S.-built ships transporting containers from Southern California to Honolulu can cut existing ocean freight rates for Hawaii shippers and consumers by 10%-20% due to better fuel efficiency.

INCREASED INVESTMENTS AT PORTS AND SHIPYARDS
The increased shipping should not create additional congestion at ports if loan guarantees for improved cargo handling and improved rail access are factored. There will also be a need for new shipyards and improvements to existing ones. So adding $85 million will create additional guarantees for these improvements that will total $1.7 billion. In other words, marine highway guarantee of $5 billion will require $250 million in Title XI funding.

CHANGES IN THE TITLE XI PROGRAM
The $250 million authorization for Title XI needs to include: charging applicants a processing fee to ensure against shipyard defaults. The approval process needs to be opened to new ship owners by taking into account positive cash-flow from long-term shipper contracts rather than debt to equity ratios that favor existing carriers. Shipper contracts should eliminate the need for outside market surveys currently required for Title XI approvals. Port handling guarantees need to be added. Finally, the application process needs to be streamlined so as to ensure 3 month approvals or rejections rather than the current system that can take years. To facilitate the credit worthiness issue, shipowner candidates should be recruited from existing trucking companies and shippers, such as Wal-Mart, who can demonstrate the marketability of new ships as well as benefit from cost savings and less vehicle emissions.

CUTTING FUEL COSTS AND CARBON EMISSIONS
This is made possible by modern ships that utilize only 25% of the fuel required for a similar size truckload and can be powered by the same ultra-low sulfur diesel fuel used by new clean truck engines. So, transport costs and fuel consumption can be cut and carbon and sulfur emission dramatically reduced.

EMPLOYMENT IMPACT
Best of all, coastal ships must be built in the United States by law - the Jones Act - so that shipbuilders and other suppliers in the Great Lakes, the Gulf Coast, as well as those serving the Pacific and Atlantic regions will all benefit.

Santa Maria has projected that building two U.S. coastal ships capable of carrying 300 fifty-three foot containers will directly employ 250 workers. Projections are that shipbuilding creates 300% additional jobs, based on City of Philadelphia research on the Aker Philadelphia shipyard. The multiplier effect of service jobs is about 40%. This suggests that 250 direct jobs can create as many as 750 support jobs for workers in steel, paint, machinery, electronics, joinery and marine propulsion. A consultant's projection is that 12 new or existing shipyards will be needed to build the 66 ships over a 5 year period and require around 4,000 new shipyard workers. This, multiplied by 300% = 12,000 indirect jobs. Thus, building 66 ships should create 16,000 direct and indirect jobs. The 66 ships, in turn, will require two crews of 12 mariners each or 66 x 24 = 1,584 new mariners. In addition several thousand new port-related jobs will be needed to handle and move new container cargo. All of these jobs pay over $20/hour and include healthcare and other benefits that bring total compensation to around $30/an hour. This is higher for longshore and harbor workers.

HOW WORLD WAR II SHIPBUILDING HELPED PULL THE U.S. OUT OF THE DEPRESSION
Shipbuilding helped pull the United States out of the Great Depression when orders for the Liberty ships and other wartime vessels created new jobs and manufacturing after the Japanese attack on Pearl Harbor in 1941.The shipbuilding effort employed over 600,000 Americans in stable, high-paying jobs financed by the U.S. Maritime Commission, now the U.S. Maritime Administration. Under the leadership of Admirals Land and Vickery and the support of industrialists such as Henry Kaiser, the United States built 5,000 vessels including 2,700 Liberty ships. On the West Coast, Kaiser built mass production shipyards within months and was at one point building ships within thirty days. The Liberty ships that Americans produced created a maritime conveyor belt that supported military operations in European and Asian theaters. The shipbuilding mobilization hired women and minorities into the industrial workforce for the first time to work as welders, fitters, plumbers and crane operators. Many new entrants had no previous shipbuilding experience and had to be trained from scratch. Shipyard incomes made during the war helped finance the post-World War II prosperity of the 1950s and 1960s, because higher wages stimulated increased growth and consumption.

The federally financed American shipbuilding innovations in welding, modular construction and mass-production were copied by Japan after World War II to modernize its economy, followed by Korea and today by China.

CONCLUSION
The $250 million taxpayer investment in the marine highway will generates $5 billion in loan guarantees that can build 66 new American-built ships and create thousands of new high-paying jobs as well as support for

*Banks making loans for U.S. jobs and economic development
*New cargo-handling and trucking jobs at ports
*New sea-going jobs for mariners
*New community college training for shipyard workers
*Fuel savings for American shippers
*Less foreign oil imports
*Less carbon emission so as to fight global warming
*Less taxpayer spending on highway maintenance where ships can replace trucks

The carbon emission reduction is made possible by replacing fuel inefficient trucks with fuel efficient ships. Incidentally, new solar and wind technologies means that ships and cargo-handling equipment can be powered by renewable energy at ports creating the potential for zero carbon emission freight corridors within the next few years.

The investment in the marine highway represents an important step in rebuilding the United States economy and re-engineering it toward global competitiveness.

U.S. House of Representatives
Committee on Transportation and Infrastructure

James L. Oberstar
Chairman

Washington, DC 20515
July 31, 2008

John L. Mica
Ranking Republican Member

David Heymsfeld, Chief of Staff
Ward W. McCarragher, Chief Counsel

James W. Coon II, Republican Chief of Staff

The Honorable Charles B. Rangel
Chairman
Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515-6348

The Honorable Jim McCrery
Ranking Member
Committee on Ways and Means
1139E Cannon House Office Building
Washington, DC 20515-6348

Dear Chairman Rangel and Ranking Member McCrery:

As part of the Committee on Transportation and Infrastructure's efforts to improve the efficiency and coordination of our Nation's transportation modes, we are committed to expanding the opportunities for and eliminating roadblocks to the expansion of short sea shipping initiatives. America's coastal and inland waterways represent an underutilized alternative to the more common domestic cargo routes that utilize truck and rail. However, waterborne transportation faces several obstacles that have prevented the wider use of short sea shipping opportunities. One of these obstacles is the imposition of the Harbor Maintenance Tax (HMT) on the domestic movement of goods by vessel.

As you are well aware, congestion on highways in the United States is increasing. This leads to delays, increased fuel consumption, increased costs and lost time and efficiency for the U.S. economy. The maritime industry is looking at increased uses of short sea shipping, also known as marine highways, as a possible way to take trucks off our congested highways and move that cargo in a more fuel efficient way via water routes. Marine highways may prove to be an effective way to lessen the growth in congestion without the expense of building more miles of highways. It is estimated that fuel use for moving a ton of cargo by truck is 20 miles per gallon, by rail is 435 miles per gallon, and by barge is as much as 1,000 miles per gallon.

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The Honorable Jim McCrery
July 31, 2008
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Under current law, all cargoes, including passengers that are transported to a U.S. seaport are subject to the imposition of the HMT, a duty equal to 0.125 percent of a cargo's declared value or the value of passenger tickets. For many short sea shipping operations, this means that the HMT is applied twice before the cargo reaches its destination - once at the initial port of importation and again at the port of destination.

Several bills have been introduced during the 110th Congress to exempt the transportation of cargo between domestic ports and, in some cases, between U.S. and Canadian ports in the Great Lakes and along the St. Lawrence Seaway from the imposition of the HMT. These bills have been referred to the Committee on Ways and Means, and we urge your Committee to approve legislation to exempt domestic and Great Lakes-related cargo from the HMT. Such an exemption will encourage the greater use of energy-efficient and environmentally friendly short sea shipping opportunities.

As a result of the HMT, volumes of domestically transported cargo by vessel are fairly low and revenues derived from the imposition of the HMT on such movements are miniscule as compared to receipts from international routes. The exemption of domestic vessel transportation from the HMT will not result in any significant loss of revenues, but it will promote alternatives to heavily congested rail and truck routes.

We urge you to bring these bills before the Committee and to move legislation exempting domestic vessel transportation from the HMT before the end of the year. We look forward to working with you on this and other transportation issues. Thank you for your attention to this important matter.

Sincerely,

Vernon J. Ehlers

Howard Coble

TX-2

The Honorable Charles B. Rangel
The Honorable Jim McCrery
July 31, 2008
Page 3

[illegible]

C.W. Boustany Jr.

[illegible]

Wayne T. Gilchrest

Candice S. Miller

Connie Mack

D. Reichert

Thelma Drake

Ken Calvert

Jean Schmidt

Tom Petri

Don Young

Randy Kuhl

Bill Shuster

Robin Hayes

[illegible]

[illegible]

Gary Miller

Todd R. Platts

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Testimony Submitted by Representative John L. Mica on behalf of LifeSpan Technologies

House Transportation and Infrastructure Committee Hearing on the Proposed Stimulus Program

October 29, 2008

The financial collapse of recent weeks made the national bridge problem worse. The principal bridge owners; states, counties and cities will now have to scrape for every dime just to meet their existing obligations [1], much less replace thousands of structurally deficient bridges.

The federal debt is now over $10 trillion dollars, nearly equaling our gross domestic product (GDP). Our Treasury Department and Federal Reserve recently added to this obligation by promising to bail out holders of toxic collateralized debt obligations related to the subprime mortgage crisis. In addition, the nationalization of Fannie Mae, Freddie Mac and AIG; and the $250 billion capital infusion into the US banking industry foretell questionable future funding for transportation [2].

This paper summarizes our recommendation on how Congress and the next Administration can most efficiently resolve our bridge problem without simply hurling unnecessary mountains of money at an ill-defined problem.

Historical Context

In 1967, the Silver Bridge collapse over the Ohio River resulted in a programmatic response from Congress and the Federal Highway Administration (FHWA) to institute a biennial bridge inspection program called the National Bridge Inspection Standards, or NBIS [3]. Inspectors were hired by State Departments of Transportation (DOTs), training courses were implemented, and the inspection process began in earnest.

For over thirty five years, bridge inspectors have used their eyes, flashlights, ball-peen hammers, wire brushes, rulers, cameras and clipboards to assess the condition of every U.S. bridge over twenty feet long. Bridge inspectors have done a reasonably good job, given their level of training and tools. However, the NBIS process has resulted in over 70,000 bridges being classified as structurally deficient. In addition, many more U.S. bridges are reaching the end of their design life, are being crossed daily by overweight vehicles, and have not received adequate maintenance in a long time.

Over the past several years, thought leaders in the transportation industry have been questioning the efficacy of visual inspection using the NBIS protocols. In a landmark study published in ***Public Roads Magazine***: "*Reliability of Visual Bridge Inspection*"[4], the FHWA concluded that visual inspection is subjective, highly variable, and not sufficiently reliable. It's understandable that a visual inspection process can't provide precision, so let's not blame the inspectors. They're doing the best they can, given the tools they have.

However, there are fully commercialized advanced technologies that bring much needed precision and objectivity to the inspection and evaluation process. Further, advanced computer modeling adds another dimension to bridge evaluation that was not available even five years ago - technology to the rescue [5].

Given historically generous transportation funding, the inherent conservatism of visual inspection and analytics wasn't considered a problem. For example, no one was particularly concerned about replacing a bridge ten years earlier than necessary. However, today's financial crisis has changed the old paradigms.

States, counties and cities, the owners of nearly all this nation's bridges, have enormous funding challenges that will not allow wholesale replacement of all structurally deficient bridges. And with diminished ability to raise debt capital, the financial crisis makes this task that much more difficult.

We believe bridge owners, despite having to pay only 20% of bridge replacement costs (Washington DC pays the other 80%); will still have difficulty in mustering the necessary funding. The unfortunate financial demise of Missouri DOT's innovative Safe & Sound Program to rehabilitate or replace 803 bridges is a recent example. And we believe this funding condition will last for decades - it is not a temporary phenomenon.

So bridge owners need to obtain the maximum safe life span on every bridge, simply to avoid having to fund the capital cost for replacement.

Federal Funding Outlook

This summer, the Highway Trust Fund (HTF) ran out of money [6]. This fund, used as the primary means to support highway construction projects, was granted an $8 billion dollar lifeline by Congress, just to keep ongoing projects moving forward. The National Surface Transportation Policy and Revenue Commission reported in January 2008 [7] that future transportation funding would be problematic unless Federal gasoline taxes were dramatically increased as much as $0.40 per gallon. U.S. Department of Transportation Secretary Mary Peters led a minority report that argued for radical changes in the transportation funding process.

We urge the Committee to consider how difficult it will be to raise gasoline taxes at a time of economic distress and roller-coaster crude oil prices. It's one thing to take fewer trips to the grocery store; it's altogether another matter for truckers to pay on top of already high costs for diesel fuel just to keep their rigs running.

In a 2005 study, the American Association of State Highway Transportation Officials (AASHTO) [8] called extending service life its #1 Engineering Grand Challenge [9]. This year the Transportation Research Board (TRB) approved a new Joint Committee for Bridge Preservation. Both of these actions show a growing consensus to safely extend the operating life of bridges. The engineering community sees the issues clearly.

Shortly after the I-35W bridge collapse, Congressman James L. Oberstar, Chairman of the House Transportation & Infrastructure (T&I) Committee, held hearings to address the national problem of structurally deficient bridges. His initial Bill called for $25 billion dollars in funding to address the U.S. bridge problem on the National Highway System (NHS) [10]. This Bill was quickly reduced to $1 billion dollars because of Congressional and Administration resistance on the cost. Despite the resistance, the House overwhelming passed HR 3999 in July. Called the *National Highway Bridge Reconstruction and Inspection Act*, its key provisions include better inspector training, a risk adjusted prioritization process, and a $5 million dollar demonstration program for the use of advanced condition assessment technology. At this writing, the Bill (SB 3338) is being considered by the Senate Subcommittee on Transportation and Infrastructure.

It seems highly likely that the new Administration will cooperate with Congress to pass the National Highway Bridge Reconstruction and Inspection Act **AND** provide stimulus funding for more local bridge projects. While the merits of Federal bridge funding in the form of a stimulus will be intensely debated, we are concerned that Federal funding of this nature will be rushed and dedicated to fixing the U.S. structurally deficient bridge problem by blunt force instead of a scalpel. The problem can and should be addressed with more engineering content, and less economic and political heroics.

Defining the Challenge

A proposal to replace all 70,000+ structurally deficient U.S. bridges would be met in many quarters with cheers. However, before launching into a program that will not only be costly, but may not be necessary, let's revisit the basics:

- The NBIS visual inspection protocol has conservatively overstated the number of structurally deficient bridges that need replacement.
- Continued reliance on visual inspection and overly conservative analytics compound the problem.
- States and local bridge owners simply cannot afford to replace every structurally deficient bridge.
- The federal budget is so overwhelmed with non-discretionary funding, bailouts, and other financial commitments that a big slug of transportation funding from Washington DC is unlikely and perhaps unwise.
- Commercial technology is available, but underutilized, to definitively determine which bridges must be replaced and which bridges can be rehabilitated instead of replaced.

The following examples are worth consideration as support for our proposal:

Example #1: The City of Phoenix used a novel rehabilitation process instead of replacing a bridge over the Salt River Canal. They proved the merit of this process by using an advanced condition assessment technology to objectively demonstrate that the bridge was strengthened. Fourteen more bridges are in the queue to use this same approach, eventually saving the City of Phoenix nearly $45 million dollars.

Example #2: The Pennsylvania Turnpike Commission employed advanced condition assessment technology to ascertain the need for an $875,000 steel repair program, recommended as a result of a visual inspection. The technology conclusively showed the steel repair program was unnecessary and further highlighted the need to repair another problem which was not delineated on the visual inspection report.

Example #3: The Georgia DOT recently completed a study using advanced condition assessment technology. Load testing was conducted on ten (10) randomly selected structurally deficient short-span bridges across the state. The study showed (using HS-20 loading criteria) that allowable weight increases without additional repairs were reasonable for all ten bridges, some more than double what traditional analyses showed.

What remains difficult for those who are responsible for bridge inspection and evaluation is enthusiastic adoption of fully commercialized advanced condition assessment technology. While conventional wisdom suggests use of this technology will result in added cost, technology practitioners and first hand experience suggest that bridge owners (and the federal government as the major funding source) can reap substantial returns on investment by employing better technology.

The Proposed Solution

Instead of authorizing major new Federal spending to fix the ill-defined U.S. bridge problem in the context of an economic stimulus, we advocate a four step approach:

- **Step #1**: When a bridge is classified as structurally deficient, or has a sufficiency rating below 50 (eligible for replacement), require owners through use of targeted financial incentives to employ technically appropriate advanced condition assessment technology to determine the actual condition of the bridge.

- **Step #2**: Have a third party engineering firm confirm actual bridge condition after evaluating the results of advanced condition assessment technology and certify the need for replacement instead of maintenance or rehabilitation.

- **Step #3**: To provide the owner with a sizeable financial incentive to adopt advanced condition assessment technology and third party certification, the federal share for bridge projects should be increased from 80% to 85% of the total cost for those bridges that must be replaced, and from 80% to 90% of the total cost for bridges that can be rehabilitated.

- **Step #4**: For those bridges that must be replaced, a national risk adjusted priority system (as called for in HR 3999) should be used to properly apply and allocate limited funding to the most pressing needs, instead of a political prioritization process.

An Example

Assume a bridge is programmed to be replaced for $10 million. Under existing funding programs, the local owner contribution will be $2 million and the federal contribution will be $8 million. If the bridge must be replaced, assume a 15/85 split in funding. If the bridge can be rehabilitated, assume a 10/90 split in funding to provide owners with a significant incentive. Finally, assume the owner's cost of using advanced condition assessment technology will be $150,000 (typical for long-span bridges). There are only three outcomes to consider in this example: replacement, rehabilitation, or no action necessary.

<u>Outcome #1 – No Action</u>: The bridge is found to be in acceptable condition and does not need rehabilitation or replacement.

<u>Outcome #2 - Rehabilitation</u>: The bridge can be satisfactorily rehabilitated instead of replaced. Assume $3 million dollars for this action.

<u>Outcome #3 - Replacement</u>: The bridge, after a comprehensive assessment, must be replaced.

	Assessment Cost	Funding Rate	Construction Cost	Total Cost	Savings Over Replacement
No Action Required					
Owner contribution	$ 150,000	20%	$ -	$ 150,000	$ 1,850,000
Federal contribution		80%	$ -	$ -	$ 8,000,000
Total construction cost			$ -		
Rehabilitation					
Owner contribution	$ 150,000	10%	$ 300,000	$ 450,000	$ 1,550,000
Federal contribution		90%	$ 2,700,000	$ 2,700,000	$ 5,300,000
Total construction cost			$ 3,000,000		
Replacement					
Owner contribution	$ 150,000	15%	$ 1,500,000	$ 1,650,000	$ -
Federal contribution		85%	$ 8,500,000	$ 8,500,000	$ -
Total construction cost			$ 10,000,000		

Using a statistical expected value analysis, assume Outcome #1 has a 20% probability of occurrence; Outcome #2 has a 20% probability and Outcome #3 has a 60% probability. Therefore, the expected costs for both the owner and federal contribution are as follows:

The Owner's Expected Cost is **$1,110,000**; or nearly **<u>50% less</u>** than the cost of the traditional funding approach.

The Federal Expected Cost is $**5,640,000;** or about **<u>30% less</u>** than the cost of the traditional funding approach.

This example shows that safely deferring replacement on only four in ten structurally deficient bridges has a robust financial impact for both local owners and the federal budget by reducing the expected cost of unnecessary actions. The inescapable conclusion can be simply stated:

FIX ONLY WHAT NEEDS FIXING AND SAFELY DEFER THE REST.

Summary:

The inherent variability and subjectivity in the visual condition assessment protocol, as stated in the 2000 ***Public Roads*** [4] article and the 2004 ***Journal of Bridge Engineering*** [11] article, make optimized bridge management exceedingly difficult and may result in unnecessary rehabilitation or replacement projects. Since state/county/city owners and the federal government cannot afford to conduct a bridge project before its time, they must adopt a process that rewards capturing and utilizing enhanced information, leading to improved financial outcomes.

Industry and owner experience with advanced condition assessment technologies continues to demonstrate that a significant percentage of bridges are in better condition than visual inspection indicates. However, we believe that the inevitable decision to aggressively adopt advanced condition assessment technologies will be the result of long-term financial constraints, not technological elegance. There is simply too much financial gain to be ignored. In an era of significant financial stress and anxiety, our plan offers financial relief.

If structure owners and the federal government capture and employ more precise, objective information BEFORE they start allocating billions of dollars to repair or replace structurally deficient bridges, the taxpayers win.

Respectfully submitted:

Peter J. Vanderzee
President and CEO
LifeSpan Technologies
Atlanta, Georgia
Tel: 770-234-9494

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AEROSPACE INDUSTRIES ASSOCIATION

Written Testimony of Aerospace Industries Association

House Transportation and Infrastructure Committee
"Investing in Infrastructure: The Road to Recovery"

October 29, 2008

Members of the Committee.....Thank you for the opportunity to let Aerospace Industries Association (AIA) share with you our vision for the path necessary to foster economic growth in the aerospace sector. Representing nearly 300 manufacturing companies with more than 642,000 high wage, highly skilled employees, AIA operates as the largest aerospace trade association in the United States across three sectors: civil aviation, space systems, and national defense. Our member companies export forty-eight percent of their total output and they routinely post the nation's largest manufacturing trade surplus, at a level approaching sixty billion dollars in 2007. The aerospace industry continues to look to the future, investing heavily in research and development, spending more than fifty billion dollars over the last fifteen years.

We need look no further than today's headlines to recognize the importance of the commercial aerospace industry to the U.S. economy. Once the contract is ratified between The Boeing Company and its 27,000 engineers and mechanics, their return to work will produce an immediate boost to GDP. Dozens of supplier companies can forego planned flex schedules and temporary layoffs as orders for parts resume.

The U.S. civil aerospace industry needs the same thing every American needs right now: the confidence to purchase and produce products, and the incentive to take sensible risk. There is no clearer way to start down the path to economic recovery in the civil aerospace industry than investing in the rapid development and implementation of the Next Generation Air Transportation System (NextGen). Many experts in the field have testified for a number of years of the need for the transformation of our national airspace system from its current 1960s-based architecture to a 21st century, satellite-based model.

Both economic and environmental benefits are inherent in this new system. At a time when congress is actively engaged in promoting economic recovery instruments and policies to protect our planet from global warming, robust investment in a single enterprise that will foster both is what we call a "no brainer."

When fully implemented, NextGen will reduce airline delays, shorten flight distances, reduce fuel consumption, increase system capacity and lessen the impact of aircraft noise. This committee is well aware of the task at hand. Automatic Dependent Surveillance – Broadcast (ADS-B) stations (about 700 of them) must be installed and tested. Airport surface tracking equipment must be modernized to control aircraft and ground vehicles more safely and efficiently on the ground. Providing a System Wide Information management system, where all users get the same information when and where they need it, will enhance decision making for safety, security, and efficiency in the National Airspace System. Towers and air traffic terminal and enroute centers must be equipped to receive and disseminate new networked information. Data communications between the aircraft and the ground is an expensive but absolutely necessary element in transferring the system from one of "control" to one of "management." Equally important, the controllers in these facilities must be part of the solution and trained to manage versus control traffic in the NextGen environment. To use the new infrastructure, aircraft of every size and purpose will need to invest in new onboard equipment. In total, when the NextGen infrastructure is in place and all aircraft are equipped to use the new system, the U.S. government and civil aerospace industry will have invested nearly forty billion dollars into the effort.

In today's economic environment, that kind of investment may strike some as expensive, but pails in comparison to the recently passed $700 billion Economic Stabilization Act. As you know, NextGen is absolutely necessary if commercial aviation is to achieve sustainable growth. By even the most modest estimates, the direct and indirect economic benefits of commercial aviation accounts for about five percent of U.S. GDP. The civil aerospace industry employs more than ten million people. To sustain this vital industry and allow it to grow in an environmentally sound way, NextGen air traffic management infrastructure must be built; private aircraft owners must purchase new equipment; and airlines must replace older, fuel-guzzling aircraft with new, quieter, fuel-efficient, NextGen-ready models. To remove the risk inherent in large expenditures, the industry needs the economic confidence that NextGen has the fiscal commitment of the U.S. Government. This can be achieved in several ways:

1. Economic stimulus package funding increases for the Airport Improvement Program should include flexible eligibility for NextGen investments both on and off airside property. Funds to build taxiways and runways will create jobs in local districts and provide more room for aircraft, but without new NextGen approaches, new ground tracking systems, and ADS-B devices, growth at our airports will be restricted. Integrating security for passengers and baggage into the travel experience must be a priority so that the passenger is not as inconvenienced as they are today, while achieving the same security objectives.
2. One year extension of existing legislation granting accelerated depreciation for the purchase of new, environmentally friendly aircraft and the addition of new language to provide the same benefit for the purchase of commercial aircraft.
3. Any initiatives by congress to reduce risk and incentivize initial purchase decisions for new aircraft and aircraft equipment will help keep jobs, create new employment opportunities and improve fuel efficiency. Improved fuel efficiency translates to a smaller environmental footprint through reduced CO_2 emissions.

All future growth in the civil aviation sector must be environmentally sustainable. Purchasers of environmentally friendly aircraft and NextGen avionics equipment could receive environmental tax credits – much like the tax credits given by some states to motorists who purchase hybrid automobiles. The State of Alaska has instituted a low-interest loan program for the purchase of certain NextGen-related aircraft avionics purchases. Similar initiatives at the federal level could incentivize a faster transition to NextGen.

AIA and its members do not support handouts or bailouts. The only economic stimulus civil aviation needs in today's economic crisis is growth made possible by the efficiencies of NextGen, and confidence in the industry that the commitment to implement NextGen is real and on a predictable schedule.

STATEMENT OF
AIRPORTS COUNCIL INTERNATIONAL – NORTH AMERICA

Hearing On

INVESTING IN INFRASTRUCTURE: THE ROAD TO RECOVERY

October 29, 2008

Before the U.S. House Committee on Transportation and Infrastructure

Chairman Oberstar and Ranking Member Mica, on behalf of Airports Council International-North America (ACI-NA) and our airport members and associate member companies, I want to thank you for the opportunity to submit this statement for the record. The mission of ACI-NA is to advocate policies and provide services that strengthen the ability of airports to serve their passengers, customers and communities. ACI-NA is the largest airport-based association, representing local, regional and state governing bodies that own and operate commercial airports in the United States and Canada. ACI-NA's 366 member airports enplane more that 95 percent of the domestic and virtually all of the international airline passenger and cargo traffic in North America. Nearly 400 aviation-related businesses are also members of ACI-NA.

Upgrading and maintaining our nation's infrastructure is critical to the economy of the United States. For every $1 billion invested in transportation infrastructure, roughly 42,000 jobs are created. Airports play a vital role in providing efficient movement of passengers and cargo both domestically and internationally. According to the GAO, federal Airport Improvement Program (AIP) grants provided $3.6 billion annually for airport infrastructure projects between 2001 and 2005. While these funds help airports make critical improvements enhancing airport safety, capacity, security and environmental protection, there remains a need to have access to additional sources of funding in order to continue these vital improvements.

ACI-NA applauds the committee for its work over the past two years to enact a long-term reauthorization of the Federal Aviation Administration (FAA) and its programs. ACI-NA particularly appreciates the committee's decision to include a provision increasing the cap on the Passenger Facility Charge (PFC) user fee to $7.00. This cap has not been adjusted since the year 2000. During that time, consumer inflation has increased 27%. However, over that same period, construction inflation has increased a staggering 43% as measured by the RS Means Construction Cost Index. Providing an increase in the PFC cap will allow airports to keep pace with these skyrocketing costs and complete safety, security, capacity and environmental projects which are necessary to continue serving the traveling public safely and efficiently. During the first six months following approval of the PFC increase in 2000, eight airports received approvals for projects allowing their PFC user fee to be raised to $4.50. ACI-NA believes a similar infusion of airport capital would result from increasing the PFC to $7, injecting at least $1.2 billion in additional airport funding in the next few months, adding an additional 42,000 jobs to the economy.

AIP Funding Will Help Spur Economic Growth

A multi-year reauthorization of the FAA is critical to the efficient administration of AIP. The AIP has been operating under several short-term extensions for over a year, spanning two fiscal years. This situation has resulted in uncertainty for airport financial managers and has caused several projects to be delayed due to the unavailability of funds. Recently, the Asheville Regional Airport in Ashville, North Carolina had to postpone a $2.5 million airport access project because it was informed by the FAA that not all of its previous year carryover funds would be available due to the partial year authorization and appropriation of the AIP program. This project was critical to providing access to help secure additional development on the airport. This represents a foregone opportunity to stimulate the economy through job creation and other economic activity.

It is no secret that these are difficult times for the nation's air transportation system, airports being one of the lynchpins of that system. The last year has seen extremely volatile fuel prices which have caused airlines to drastically reduce, and in some cases eliminate air service at airports across the country. Airport operators have been working tirelessly with their airline partners to find ways to reduce costs in an effort to maintain air service. This has resulted in many capital projects being delayed so that rates and charges assessed to airlines can be maintained or even lowered. Smaller airports have been particularly hard hit. Even a small reduction in the number of flights servicing their facilities can present a significant financial hardship as there are few (if any) remaining users to absorb the costs.

While delaying capital projects may help in the short-term to stabilize airline costs, each deferred project represents foregone construction jobs and economic activity which is critical during this time of economic uncertainty. As the Committee considers the proposed economic stimulus package, ACI-NA strongly urges you to include funds for "ready-to-go" airport projects. FAA has indicated there are at least $600 million of these projects, which will create high paying construction jobs that have an immediate economic impact. Additionally, projects which are funded through AIP grants do not increase the rates and charges assessed to airlines operating at the airport.

AMT on Airport Bonds is Negatively Impacting Construction

Just as many industries and individuals have faced challenges with the current crisis in the credit market, airports have not been immune to these problems. The credit market for private activities bonds, know as PABs, has completely dried up due to the higher than normal interest rates applied to these bonds since the interest earned on them is subject to the Alternative Minimum Tax. With an increasing number of tax payers becoming subject to the AMT, the number of investors willing to directly purchase AMT airport bonds has decreased significantly. Further, in the current market environment the demand for AMT bonds has dramatically decreased with investors demanding a premium of 150 basis points or more, when bonds can be sold.

Simply put, airports cannot find buyers for construction bonds as long as the interest is subject to the AMT. With PABs accounting for two-thirds of all airport bonds, construction at many airports across the country has been put on hold. In fact, many airports have not found buyers for AMT bonds during the last month, including airports with very favorable ratings by the credit agencies. Therefore, the airport industry asks that the Committee support eliminating the AMT penalty from airport PAB bonds.

For example, Portland, Maine announced that uncertainty in the bond markets is delaying a passenger terminal expansion for the Portland International Jetport until 2010. In addition, Nashville International Airport (BNA) is delaying a consolidated car rental facility project due to the instability in the bond market. While these are just two examples; this problem is much more widespread.

As long as airport bonds are subject to the AMT, the number of buyers for these bonds will be limited. The housing industry's bonds until August of this year were also subject to the AMT until the passage of the Housing and Economic Recovery Act of 2008 (H.R. 3221), which granted these bonds an exemption from the AMT. It is my understanding that the housing bond market has already seen a positive impact from this new bond classification. In fact, the number of buyers for housing bonds is growing with savings to the bond issuer reaching as much as $8 million for 30 year bonds. The airport industry requires similar relief from the AMT.

Furthermore, the projects that these bonds help pay for are for public goods that meet the test for public funding through AIP, or for being financed by the PFC user fee. They help fund safety and security upgrades that make our transportation and aviation systems more efficient. These airport projects also help create not only short term construction jobs, but also permanent jobs at the airport. Without relief from the AMT, airports will continue to struggle to find willing financiers of job-creating infrastructure and security improvements.

In conclusion, airports can play an important role in creating jobs through construction and infrastructure and safety improvements. Airports are part of the larger transportation system with connectivity to roads, transit, and public transportation. As the committee continues to explore ways to spur economic growth through infrastructure, I ask that you help us meet our capital needs by passing an FAA Reauthorization bill with an increase in the PFC, provide additional AIP funding, and eliminate the AMT on airport bond interest.

Respectfully submitted,

Gregory Principato
President
Airports Council International- North America

Written Testimony Submitted for the Record to
House Transportation and Infrastructure Committee
Investing in Infrastructure: The Road to Recovery
By America Bikes

To the Honorable Chairman Oberstar and members of the Transportation and Infrastructure committee:

America Bikes, a coalition of eight national bicycling and pedestrian organizations, are pleased to submit written testimony on the importance of investing in bicycle and pedestrian facilities as part in our nation's infrastructure to stimulate economic recovery. We believe that infrastructure investments that include retrofits to existing streets to make them safe for all users, as well as new trails that create comprehensive networks, cannot only create new jobs, but can help American families recover from the economic downturn and lay the foundation to address some of our nation's major crises, such as climate, energy, and health.

Bicycle and Pedestrian Projects- A Missed Opportunity

America Bikes member organizations have identified over **1.2 billion dollars of ready-to-go bicycle and pedestrian projects**. Bicycle and pedestrian projects create jobs and keep workers employed. In fact, most bicycle and pedestrian projects are labor - intensive and require less expensive materials than road building projects thus creating jobs at roughly the same rate as highways or highway repair. However, if these projects are left out, as they are in HR 7110, we will lose the opportunity to create a balanced transportation system that benefits all Americans. We advocate for the upcoming recovery bill to include explicit funding for bicycle and pedestrian projects as part of the transportation infrastructure investments.

Giving Americans Money Safe and Cost-Effective Options

Over the last few years, we have seen families suffering from the high price of gas and looking for other options to commute to work, get their children to school, and run their errands. As a result, we've seen a reduction in vehicle miles traveled and substantial increases in the number of people choosing to ride public transit, bike, or walk. Unfortunately, the current system often makes other transportation options unsafe or impossible.

An August 2008 study of older Americans by AARP found that due to high gas prices, 29 percent of respondents are walking, 16 percent were using transit and 15 percent are biking instead of driving for some trips. This is despite the fact that 40 percent said they did not have access to adequate sidewalks, 55 percent do not have access to bike lanes, and 48 percent do not have a comfortable place to wait for the bus. Additionally, 47 percent said they felt unsafe just walking across the street![1] Those living on a fixed

[1] American Association of Retired People "AARP Poll: Fighting Gas Prices, Nearly a Third of Americans age 50+ hang up

income often have to choose between risking their safety and breaking their bank account.

High gas prices and hard economic times are also causing school districts across the country to cancel bus routes causing families to scramble to find transportation for their children. Walking and biking to school is not always a safe option. In 2006, approximately 23,000 children age 14 and under were injured and 429 were killed while walking or bicycling[2], and half of all children struck by a car at school were struck by a parent driving another child to school[3]. Investing is sidewalks, intersection improvements and trails that make walking and biking a safe option for school children helps struggling families save time and money.

Building Efficiently

The recovery bill can create jobs now, and save money later, by investing in projects that include access for all users. By prioritizing Complete Streets projects, and by fixing existing roads to complete streets standards, this recovery bill invests not only in jobs, but also in projects that will not have to be retrofitted in the future.

America has built a comprehensive road system, and now it is time for us to invest in metropolitan networks for bicycling and walking. These networks create safe and convenient options for getting to work, to school, to shopping and to transit that save on gas, promote energy independence and reduce global warming pollution.

A recovery package that includes funding for transportation infrastructure but does not include investments to improve bicycling and walking denies the current trends in transportation and needs of the American public. Overall bicycle and pedestrian projects are not included in the recovery bill despite the fact that biking and walking make up 10 percent of all transportation trips nationally and contribute a much larger percentage of the solutions including job creation, high gas prices, economic slowdown and health and safety. America Bikes urges the Transportation and Infrastructure Committee to pass a recovery bill that includes a balanced set of transportation investments with explicit funding for bicycle and pedestrian projects.

America Bikes members include:

- Adventure Cycling
- Association of Pedestrian and Bicycle Professionals
- Bikes Belong Coalition
- International Mountain Biking Association
- League of American Bicyclists
- National Center for Bicycling and Walking
- Rails to Trails Conservancy
- Thunderhead Alliance for Biking and Walking

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Testimony of Kurt J. Nagle
President and CEO
American Association of Port Authorities

For

U.S. House of Representatives
Transportation and Infrastructure Committee
Hearing on
"Investing in Infrastructure—the Road to Recovery"
October 29, 2008

Good morning, Chairman Oberstar, Ranking Member Mica and Committee members. I am Kurt J. Nagle, President and CEO of the American Association of Port Authorities. AAPA is a trade association, representing public seaport authorities throughout the western hemisphere, including the 86 leading U.S. public port authorities on all four coasts. AAPA and its members are committed to keeping seaports navigable, secure and sustainable.

We greatly appreciate the request from the Committee leadership to provide this written testimony on the need for maritime infrastructure improvements and the immediate economic impact that constructing the associated projects will have in aiding the nation's economic recovery. For centuries, seaports have served as a vital economic lifeline to all Americans and a critical link for access to the global marketplace.

Making investment in transportation infrastructure a high priority can play a major role in our Nation's road to recovery. Such investments will create jobs and help construction and engineering businesses, small and large, immediately. These investments will also pay dividends in the mid- and longer-term by making the movement of goods more efficient, with less congestion and less air pollution and delivering economic prosperity throughout the country.

Significant investments are needed in all aspects of our transportation system, but the area that has to date received less focus and is increasingly vital to our economy is the infrastructure that carries freight, consumer goods like food, clothing, electronics and toys to store shelves, fuel to the pump and building and other materials to U.S. businesses. An efficient system provides consumers the choices they demand at prices they can afford. It also helps U.S. farmers and manufacturers compete and thrive in the global economy.

A recent infrastructure needs survey of America's leading seaports provided details on the type of projects that are needed and are immediately ready to advance to construction. The attached survey forms provide a sample of those projects. We would be pleased to provide more extensive detail to the Committee.

We ask that the Committee consider these compelling points of why, in these economic times, seaports are excellent targets of opportunity for investment to help America's economy recover now and have that recovery sustained into the future

- Creating new high paying jobs and sustaining current employment: Seaports provide some of the highest paying blue collar jobs in the country. Seaport jobs pay significantly more than other areas of the economy. These jobs are IN AMERICA.

  Maritime jobs provide strong family wages for American workers. Ports are part of the solution to getting America back on track economically.

- Seaports deliver the goods and allow for consumer choice. When the economy is suffering, the public has less money to spend and the public is looking for more affordable options. Because of seaports, consumers have less expensive options for food, clothing, medicine, fuel, building materials as well as consumer electronics and toys. All of these goods, from the dollar bin at Target to the bananas in the grocery store move through America's ports.

- Seaports deliver prosperity to America serving as a critical link for access to the global marketplace. In fact, over 99 percent of all goods that are shipped overseas to and from this nation come through seaports. Most food, clothing, medicine, fuel and building materials, as well as consumer electronics and toys that Americans buy every day come primarily through seaports.

Returning to Prosperity: Seaports and connecting transportation system a key player in the Solution to the economic crisis

- Fast-increasing exports of American-made goods through America's seaports to overseas buyers are helping buoy the U.S. economy as well, with export sales amounting to almost $234 billion in the first half of 2008. This represents a 35% increase over the same period last year, and is helping to stimulate job creation and business development here at home, while helping to ease our international trade imbalance. More than 40 percent of America's economic growth last year was attributable to exports.

- **Keeping America Safe and Secure**

  - Seaports serve as the transit point for most military mobilization, and it is the first line of homeland defense against a dirty bomb. We must continue to keep America safe by providing secure seaport facilities to both protect our borders and move goods. We also must ensure there is adequate capacity to handle military cargo in surge times.

- Seaports invest significantly in our economy and infrastructure. Infrastructure improvement that helps to enhance the movement of goods flowing into and out our country is good for America.

- There are major infrastructure challenges that need to be addressed and which could help our nation on our road to economic recovery. Investing resources into seaports' infrastructure – waterways (through dredging projects) highway, and rail -- is imperative for meeting both consumer and economic demands. Greater investment in maintaining and improving the port navigational channels infrastructure, greater investment in road and rail projects near ports to alleviate congestion and resulting pollution, port security improvements, and use of greener technologies --- these are infrastructure investments that will create jobs and make America strong. By making investments in seaport infrastructure now we can help solve the challenges facing ports today – capacity, congestion, security and environmental improvement -- and create a world class freight transportation system of tomorrow.

- Building and maintaining a world class deep draft navigation system to keep ships moving efficiently is critical. Without modern, navigable channels into seaports, business and consumer access to the global market place will be harmed, impacting trillions of dollars of economic activity which support the employment of millions of people. With near 30 percent of our economy tied to our overseas trade, we must ensure ports and international trade have a healthy future. For dredging, shippers already pay for maintaining ship channels, but much of this funding has sat dormant in a federal trust fund -- used to offset spending in other areas. This is unfair and short-sighted. There is growing competition from Canada and Mexico, whose governments are making significant investments in port infrastructure hoping to steal away some of U. S. ports' lucrative business. If the U.S. continues to ignore these infrastructure needs, maritime jobs, which are some of the highest paid and most stable union jobs in the U.S., will be lost as cargo moves to Canada or Mexico. Permanent full use of the Harbor Maintenance Trust Fund is the best and most equitable solution.

- Ports already are investing millions of dollars to significantly reduce the environmental impact of surrounding communities and natural resources. Increasing funding for the Diesel Emissions Reduction Act can help ports make more improvements and will grow more green jobs, as most emissions reduction technologies are manufactured here in the United States and those that are not are likely to enter through U.S. seaports.

- This is also an opportunity to stimulate short sea shipping – taking cargo off busy highways and shipping it by water. Think of all the trucks that could be taken off the road if more cargo was shipped by water.

- America's seaports are investing in excess of $2 billion a year in marine terminal capital improvements that are helping them handle freight and cruise passengers more efficiently, while creating jobs and keeping down the spiraling costs of consumer goods that must move through these complex facilities.

Highway

- ✓ Increase funding for **"last mile" road connections** into and out of our nation's seaports and other facilities moving freight. This was included in the last House/Senate and Administration's highway reauthorization bill, but was deleted in conference. These critical road connections are in worse condition and have received less funding than other portions of highway/road systems.

- ✓ Develop programs dedicated to the transportation of goods and **freight mobility**– While lauded as a high priority, few freight programs were funded in the last highway bill.

- ✓ Provide incentives to take cargo off the highways and move it to maritime highways. By **stimulating short sea shipping,** the industry can grow U.S. jobs at seaports and on U.S. ships. These jobs are often some of the highest paid jobs in the U.S. Also, eliminating the Harbor Maintenance Tax on domestic short sea movements into ports will provide needed incentives to increase use of the marine highways.

- ✓ Eliminate rail crossing bottlenecks with roads in high freight movement areas by funding needed grade separations.

Rail

- ✓ Provide a tax credit to railroads to encourage expansion of capacity.

Water

The Corps of Engineers estimates that at least $5 billion in new water resources projects are needed now and could proceed rapidly, as mentioned below. That amount includes critically needed new port channel deepening projects and Sault Saint Marie lock replacement , long over due maintenance of navigation channels, repair of jetties and other protective works and flood control works that protect port facilities as well as major population centers. We urge you to include the Civil Works Program projects in your recommended program. Specifically,

- ✓ Provide additional funds for maintenance dredging. Shippers have already provided this funding, which sits idle in the Harbor Maintenance Tax Trust fund. Navigation channels are not being maintained at even their currently authorized depths and/or widths resulting in higher cost goods and navigation safety concerns. (Increase funding to the Corps of Engineers.)
- ✓ Increase funding for deepening projects to make ports ready to accommodate larger ships in the maritime trade in order to build a world class ports system to

accommodate exports and imports and cruise passengers. (Increase funding to the Corps of Engineers.)

Environment

- ✓ Increase funding for the EPA Diesel Emission Reduction program. This program is helping ports convert to greener, less polluting technologies. The program is authorized at $200 Million but current funding is only $50 Million.

In conclusion, America's seaports and maritime industry need infrastructure investments NOW in all supporting modes, water, surface and rail, to keep the U.S. competitive in the world economy. These investments would provide immediate good paying jobs that could be sustained well into the future.

AAPA Member Survey – Infrastructure Projects Planned for U.S. Ports

The American Association of Port Authorities (AAPA) conducted a survey in October of 2008 of its U.S. Port Authority members on immediate needs for infrastructure projects that are planned, designed and permitted. **These are the type of projects that would benefit from an infrastructure economic stimulus bill.**

The survey contained the following open-ended items.

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO.
List maintenance projects and amount needed and jobs created.
List deepening projects and the amount needed and jobs created
List confined disposal projects and the amount needed and jobs created

PLEASE LIST HIGHWAY PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO (this may include rail crossing) INCLUDING COST-SHARE.

ARE THERE OTHER PORT INFRASTRUCTURE PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO THAT WOULD BE ELIGIBLE FOR FEDERAL FUNDING? (Please describe, including amount of funding and jobs created.)

COULD YOU USE MORE FUNDING UNDER EPA'S DIESEL EMMISSION CONTROL GRANT PROGRAM?
If yes, please estimate costs and describe the project.

ARE THERE NEW POLICIES THAT COULD IMMEDIATELY HELP PORTS IN TERMS OF FINANCING NEW INFRASTRUCTURE? If yes, please explain.

Port of Albany, NY

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List your maintenance projects and amount needed and jobs created (if known): - Wharf Replacement at Shed 4 & 5, 50 - 75 jobs 1 year, 7.5 - 16 Million

Port of Baltimore – Maryland Port Administration

COULD YOU USE MORE FUNDING UNDER EPA'S DIESEL EMMISSION CONTROL GRANT PROGRAM?

Yes, $4,275,000.

If yes estimate costs and describe the project:

The Port of Baltimore is working with EPA to establish a variety of technology and operational improvements that will generate significant emission reductions from marine and seaport activity in Maryland's air quality non-attainment areas. The challenge will be providing an effective combination of incentives that enable the industry to voluntarily implement emission reduction projects. It is estimated that approximately $4,275,000 will be required to implement a majority of the identified air quality improvement projects.

Calhoun Port Authority – Point Comfort, TX

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

Other water projects – type and amount and jobs created if known: - Matagorda Ship Channel Jetties $80 to $100 million

Port Canaveral, FL

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List your maintenance projects and amount needed and jobs created (if known): - Maintenance Dredging (sediment basin, main channel) - $4.5 million - 77 jobs based on MARAD PortKit inputs.

List deepening projects and the amount needed and jobs created: - West Turning Basin Deepening and Widening - $25 million - 1,067 Full Time Jobs based on larger cruise ships (Disney, RCL, Carnival).

Other water projects – type and amount and jobs created if known: - South Cargo Pier Extension and Widening - $11 million - 372 jobs based on FSTED economic analysis

PLEASE LIST HIGHWAY PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO (this may include rail crossing) INCLUDING COST-SHARE.

List the type of intermodal connectors into your port - Highway (amount required and jobs created): - George King Boulevard Widening - $9 million - 142 jobs initially plus significant road capacity expansion and safety improvements.

List other highway and rail projects that could use immediate help. Include the amount and jobs created: - Charles Rowland Drive Realignment for Cruise Terminal #8 (Disney) and Cruise Terminal #10 (RCCL, Carnival, NCL) - $4.6 million - Approximately 100 immediate construction jobs and considerable safety and access improvements.

ARE THERE OTHER PORT INFRASTRUCTURE PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO that would be eligible for federal funding (please describe, including amount of funding and jobs created):

Cruise Terminal #8 Parking Garage - $9 million - Approx. 200 jobs based on larger cruise ships and additional passenger capacity. This is a design, bid, build package that is ready to go.

7. ARE THERE NEW POLICIES THAT COULD IMMEDIATELY HELP PORTS IN TERMS OF FINANCING NEW INFRASTRUCTURE? If yes, please explain:

Absolutely. Streamlined environmental permits for harbor improvements (dredge, spoil, and bulkhead/berth construction). Also, conflicts between state and federal permitting requirements add considerable cost and complexity to relatively simple harbor improvement projects. There needs to be a "lead" agency that recognizes the economic importance of timely harbor improvement construction.

Cedar Bayou Navigation District, TX (Gulf Ports Assoc.)

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List deepening projects and the amount needed and jobs created: - Channel improvement project to widen and deepen Cedar Bayou, Texas channel - channel feeds into the Houston Ship Channel.

List confined disposal project and the amount needed and job created: - This project has a completed feasibility study that has been accepted by the ASA and OMB and is ready for construction funding. It's importance is that it feeds into the Houston Ship Channel which is home to over 100,000 barge transits per year. The Port of Houston Authority and the Cedar Bayou Navigation Board signed an MOA to support the project. PHA Chairman has written letters to members of Congress in support of the project.

Port of Corpus Christi Authority, TX

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List deepening projects and the amount needed and jobs created: - Corpus Christi Ship Channel-La Quinta Terminal Extension, Federal amount needed is $55,000,000; Port match is $13,600,000; 2,500 jobs will be created.

PLEASE LIST HIGHWAY PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO (this may include rail crossing) INCLUDING COST-SHARE.

List the type of intermodal connectors into your port - Highway (amount required and jobs created): - Joe Fulton International Trade Corridor Phase II, federal amount needed is $15,000,000; 500 jobs will be created.

Port of Davisville, RI

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List your maintenance projects and amount needed and jobs created (if known): - South Bulkhead Maintenance Dredging, $1,100,000, 29 Jobs, We have cost-share funds.

PLEASE LIST HIGHWAY PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO (this may include rail crossing) INCLUDING COST-SHARE.

List the type of intermodal connectors into your port - Highway (amount required and jobs created): - Maritime Way Port Connector Road, $1,925000, 25 Jobs, we have cost-share funds

List other highway and rail projects that could use immediate help. Include the amount and jobs created: - Commerce Park Connector Road, $4,000,000, 52 jobs, we have cost-share funds.

ARE THERE OTHER PORT INFRASTRUCTURE PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO that would be eligible for federal funding (please describe, including amount of funding and jobs created):

Davisville Short Sea Terminal Crane, $3,000,000, 19 jobs, we have cost share funds.

ARE THERE NEW POLICIES THAT COULD IMMEDIATELY HELP PORTS IN TERMS OF FINANCING NEW INFRASTRUCTURE? If yes, please explain:

You could allocate funds to MPOs on a formula like other forms of infrastructure

Port of Everett, WA

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List your maintenance projects and amount needed and jobs created (if known): - 1) S. Marina Covered Moorage Roof Repairs and Utility Upgrades - Packages 'B' and 'C', $13.0M, approx 20 construction jobs for 1 yr; 2) Fender Pile Replacement, $260K, approx 5 const jobs for 1 mo.

List deepening projects and the amount needed and jobs created: - Expansion of the Lower Settling (Downstream) Basin in the Snohomish River Federal Navigation Channel

Estimated Total Budget: $3.5 million
Est. Jobs: 25.

Other water projects – type and amount and jobs created if known: - 1) Dolphin Berth Mods, $500K, approx 6 const jobs over 4 mo; 2) S. Terminal Wharf Upgrades, $1M, approx 7 const jobs over 9 mo, approx 30,000 longshore hrs per yr.

PLEASE LIST HIGHWAY PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO (this may include rail crossing) INCLUDING COST-SHARE.

List the type of intermodal connectors into your port - Highway (amount required and jobs created): - None fully permitted and ready to go.

List the type of intermodal connectors into your port - Rail connections into the port Highway (amount required and jobs created): - None fully permitted and ready to go.

List other highway and rail projects that could use immediate help. Include the amount and jobs created: - 1) Mt. Baker Terminal Access Road and Utilities, $1.2M, approx 5 const jobs over 9 mo; 2) Rail Access Recovery - Ph 2, $1.1M, approx 5 const jobs over 6 mo, 10,000 longshore hours per yr.

COULD YOU USE MORE FUNDING UNDER EPA'S DIESEL EMMISSION CONTROL GRANT PROGRAM?

More funding for EPA Diesel program? Yes. The Port has at least three pieces of cargo handling equipment and yard equipment that would benefit from diesel retrofit technology.

If yes, estimate costs and describe the project:

This project would include installation of diesel retrofit packages to reduce particulate emissions for a mobile harbor crane, a reach staker, and a maintenance vehicle. We estimate a total of $20K would be required.

ARE THERE NEW POLICIES THAT COULD IMMEDIATELY HELP PORTS IN TERMS OF FINANCING NEW INFRASTRUCTURE? If yes, please explain:

Yes. Providing grant opportunities for marine terminal capital infrastructure improvements that have an approved master plan and a viable business plan.

Port of Freeport, TX

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO:

List your maintenance projects and amount needed and jobs created (if known): - $4.5M 50 jobs

List deepening projects and the amount needed and jobs created: - Widen and deepen our channel to 55 feet x 600 feet at a cost of $330 million; approximately 1000 jobs

List confined disposal project and the amount needed and jobs created: $2.5 million and 25 jobs

Other water projects – type and amount and jobs created if known: Velasco Container Terminal - $330 million and 4,400 jobs; Berth 5 extension - $10 million and 50 jobs; Berth 7 bulk rice loader - $5 million

PLEASE LIST HIGHWAY PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO (this may include rail crossing) INCLUDING COST-SHARE.

List the type of intermodal connectors into your port - Highway (amount required and jobs created): - Upgrade US Hwy36 $140M 500 jobs, Upgrade St Hwy 523 $150M 500 jobs

List the type of intermodal connectors into your port - Rail connections into the port Highway (amount required and jobs created): - Shortline R/R $100M 250 jobs, expanded rail storage yard $25M 50 jobs

Port of Galveston

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO:

List your maintenance projects and amount needed and jobs created (if known): - Maintenance of Galveston Harbor Channel and Berths-- $10 million-- Retention of current jobs (approx. 1500)

List deepening projects and the amount needed and jobs created: - Deepening Galveston Harbor Channel and Berths-- $50 million -- Estimated job creation 2,800

List confined disposal project and the amount needed and job created: - Pelican Island and San Jacinto Disposal Areas -- $12 million

Georgia Ports Authority – Savannah, GA

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List your maintenance projects and amount needed and jobs created (if known): - Brunswick Harbor - $10,000,000. Savannah Harbor O&M - $18,895,000.

List deepening projects and the amount needed and jobs created: - Savannah Harbor Expansion Project - $3,024,000

PLEASE LIST HIGHWAY PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO (this may include rail crossing) INCLUDING COST-SHARE.

List the type of intermodal connectors into your port - Highway (amount required and jobs created): - GA Highway 307 Overpass (eliminates at grade rail crossing) - $23,000,000

COULD YOU USE MORE FUNDING UNDER EPA'S DIESEL EMMISSION CONTROL GRANT PROGRAM?

Yes

If yes, estimate costs and describe the project:

Previous grant funding request of $500,000 submitted for emission control project with Rubber Tired Gantry cranes at the Port of Savannah was funded at $250,000. The remaining balance ($250,000) is still needed.

Port of Grays Harbor – Aberdeen, WA

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List deepening projects and the amount needed and jobs created: - USACE General Reevaluation study for the Grays Harbor at Chehalis (Washington) navigation channel deepening project is immediately needed. Phase 1 General Investigation Reconnaissance study is complete. Funding needed: $1 million federal; $1 million local sponsor. Jobs created: 300 jobs created with completion of deepening construction phase due to demand and Port expansion plans for import/export bulk, breakbulk and roll-on/roll-off cargo and increasing vessel sizes.

Other water projects – type and amount and jobs created if known: - Port Marine Terminal No. 1 Upgrade. $4.8 million. Jobs: 1) Construction jobs; 2) 30 jobs retained; and 3) 50 new jobs are contingent upon this project. Terminal No. 1 will be upgraded to load and unload deep water bulk cargo vessels, in addition to barges. The business expansion plans of three import/export businesses are contingent upon this upgrade project, enhancing international trade opportunities for the region, state and nation.

PLEASE LIST HIGHWAY PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO (this may include rail crossing) INCLUDING COST-SHARE.

List the type of intermodal connectors into your port - Highway (amount required and jobs created): - Port Industrial Road Improvements. $4 million. Jobs: 1) Construction jobs; 2) 1,000 jobs retained (road is primary feed to 56 businesses located in Port industrial park area and Marine Terminal); and 3) 200 new jobs will result from business expansion served by the roadway. Project will upgrade the existing transportation corridor to meet growing intermodal use serving the Port cargo yard, marine terminal and industrial park areas. Project will improve safety, capacity and freight mobility. A Federal FY09 request was submitted, and funds are listed in Senate 09 Transportation budget.

List the type of intermodal connectors into your port - Rail connections into the port Highway (amount required and jobs created): - Two projects: Install Rail Crossing at Industrial Road and W. 1st St. $500,000. Jobs: 1) Construction jobs; and 2) 15 new jobs are contingent upon this project. Rail crossing is immediately needed to serve new liquid bulk import/export business in Port Marine Terminal complex. Expand Port Marine Terminal No. 4 Rail Infrastructure. $2.5 million. Jobs: Construction jobs; and 2) 100 new jobs are contingent upon this project. New rail infrastructure is needed to serve Port Terminal No. 4 breakbulk and roll-on/roll-off import/export facility under development.

ARE THERE OTHER PORT INFRASTRUCTURE PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO that would be eligible for federal funding (please describe, including amount of funding and jobs created):

Marina Vessel Haul-Out Infrastructure and Boat Repair Work Yard, Westport, WA. $8 million. Jobs: 1) Construction jobs; 2) 1,500 jobs retained; and 3) 150 new jobs are contingent upon this project. Project is immediately needed to meet expansion plans for Westport Shipyard, globally competitive yacht builder, and the growing fleet of commercial fishing vessels, as well as charter fishing, sport fishing, and recreational boaters at the 450 slip Westport Marina. R&D Lab and Incubator Facility Construction. $4.5 million. Jobs: Construction jobs; 2) 125 jobs retained; and 3) 15 new jobs are contingent upon this project. The R&D Facility is immediately needed to serve globally competitive manufacturers located in Grays Harbor County, Washington, who are focused on developing next-generation renewable energy and sustainable product development. These businesses are currently recruiting world-class scientists to work in the new lab. The shared, state-of-the-art facility will lead to new innovations, collaboration between scientists from both the private and non-profit sectors, and opportunities for youth to work side by side with experience, leading researchers in a rural community.

Port of Green Bay, WI (Brown County Port & Solid Waste Department)

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List your maintenance projects and amount needed and jobs created (if known): - Green Bay Harbor Backlog dredging $15M 100 jobs

List confined disposal project and the amount needed and job created: - Cat Island Restoration Project, Renard Isle Closure, etc. $9M (80 jobs)

Port of Los Angeles, CA

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List your maintenance projects and amount needed and jobs created (if known): - Annual Maintenance Dredging - The Port of Los Angeles routinely performs maintenance dredging at various berths throughout the harbor to maintain adequate water depth at berth for shipping activities. On a yearly basis the port averages approximately 40,000 cubic yards of dredging at a cost of $1.5 million per year. Yearly construction jobs approximately 12 FTE's. Cost seeking from federal - $750,000.

List deepening projects and the amount needed and jobs created: - Berth 145-147 Wharf Reconstruction - This project provides for new and modernized berthing facilities and deeper draft at a container terminal. Draft will be increased from current -45 feet to -53 feet to accommodate the largest container vessels in service. Dredging volumes amount to approximately 280,000 cubic yards and approximately 350,000 tons of rock dike will be constructed. Construction cost of this work is $25 million. Construction jobs: 200 FTE. Cost seeking from federal - $12.5 million.

PLEASE LIST HIGHWAY PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO (this may include rail crossing) INCLUDING COST-SHARE.

List the type of intermodal connectors into your port - Highway (amount required and jobs created):

1.) I-110 Connectors Program: C Street Access Ramps. Arterial interchange improvements on I-110.
I-110 carries 10% of all U.S. containers volume. One-time benefit of $193M in economic output; 1,540 FTE one-year jobs; $63M wages; $5.31M state taxes; $0.88M local taxes. Reg. improvements will sustain 318,000 new trade-related jobs and $1B (2007 dollars) in annual state revenues by 2030. The emissions benefit of the project in 2030 is calculated to be 132 tons per year of a combined PM10, ROG, and NOx, and 124,200 tons per year of CO2. Total Project Cost - $29.281M; Share Seeking – 13.074M.

2.) I-110 Connectors: I-110 Access Ramp & SR47/I-110 NB Connector
I-110 Connectors: I-110 Access Ramp & SR47/I-110 NB Connector: Arterial & fwy-to-fwy interchange improvements on SR 47 (Vincent Thomas Bridge) and I-110; I-110 carries 10% of all U.S. containers. One-time benefit of $193M in economic output; 1,540 FTE one-year jobs; $63M wages; $5.31M state taxes; $0.88M local taxes. Reg. improvements will sustain 318,000 new trade-related jobs and $1B (2007 dollars) in annual state revenues by 2030. The emissions benefit of the project in 2030 is calculated to be 200 tons per year of a combined PM10, ROG, and NOx, and 82,500 tons per year of CO2. Total Project Cost - $50.719M; Cost Seeking – $22.547M.

List the type of intermodal connectors into your port - Rail connections into the port Highway (amount required and jobs created):

1.) South Wilmington Grade Separation
Hwy-rail grade separation of rail line that connects to Alameda Corridor. One-time benefit of $128M in economic output; 1,000 FTE one-year jobs; $42M wages; $3.5M state taxes; $0.65M local taxes. Regional improvements will sustain 318,000 new trade-related jobs, and $1B (2007 dollars) in annual state revenues by 2030. The emissions benefit of the project in 2030 is calculated to be 25 tons per year of a combined PM10, ROG, and NOx. Total Project Cost - $73.06M; Share Seeking - $33.988M.

2.) West Basin Road Rail Access Improvements
Rail staging/storage tracks to improve use/operations of adjacent on-dock railyards. One-time benefit of $292.875 million (**CHECK:** approx $300 million ?) in economic output; 2,343 FTE one-year jobs; $96.53 million wages; $8.06 million state taxes; $1.5 million local taxes. Regional improvements will sustain 318,000 new trade-related jobs; $1 billion (2007 dollars) in annual state revenues by 2030. The Ports Rail System as a whole reduces $3,140 tons per year ($ is a mistake?), as projected under Year 2030 conditions, of a combined PM, ROG, and Sox, NOx, and CO. The West Basin project will also reduce these same criteria pollutants by a substantial amount. Total Project Cost - $125.34 million; Cost seeking $71.603 million.

Port Manatee – Palmetto, FL

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

Other water projects – type and amount and jobs created if known: - South Channel Extension, $22 million; Berth 12 Extension, $12 million; Dockside Intermodal Terminal, Phase 1, $15 million.

COULD YOU USE MORE FUNDING UNDER EPA'S DIESEL EMMISSION CONTROL GRANT PROGRAM?

Yes.

If yes, estimate costs and describe the project:

Two GP9 (1,600 horsepower or equivalent) Diesel Electric Locomotives.

Massachusetts Port Authority

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List your maintenance projects and amount needed and jobs created (if known): - Boston Inner Harbor Maintenance Dredging Project; $39M total - $30M federal + $9M non-federal; federal funding is in place; $4.4M funding shortfall on non-federal funding side; 34,000 jobs total associated with Port of Boston, some of which could be in jeopardy if project is not completed. Phase I is underway.

List deepening projects and the amount needed and jobs created: - Boston Harbor Deep Draft Navigation Improvement Project is (stuck) in feasibility/NEPA stage.

List confined disposal project and the amount needed and job created: - covered under above (part of maintenance dredging project)

Other water projects – type and amount and jobs created if known: - n/a

COULD YOU USE MORE FUNDING UNDER EPA'S DIESEL EMMISSION CONTROL GRANT PROGRAM?

We are awaiting a final announcement on an application for $400k to electrify the berths at the Boston Fish Pier. If there is another RFP for diesel emission control grants, we have a number of projects that could be put forward. We will decide at the time which project is the highest priority and/or most likely to receive a grant. Potential projects include upgrade or retrofit of terminal cranes, truck idling reduction or emission control systems, harbor vessel engine upgrades, etc.

7. ARE THERE NEW POLICIES THAT COULD IMMEDIATELY HELP PORTS IN TERMS OF FINANCING NEW INFRASTRUCTURE? If yes, please explain:

1. Change cost share structure for deepening projects such that 50-50 federal/state cost share doesn't kick in until beyond 50' deep. (Currently the cost burden shifts to the ports/states at 45' deep.) 2. More federal funding for public port terminal infrastructure.

Port of New Orleans, LA

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List deepening projects and the amount needed and jobs created: - Lower Mississippi River - New Orleans Harbor Dredging - $3 million

Other water projects – type and amount and jobs created if known: - Inner Harbor Navigation Canal Replacement Lock - $1.3 billion; Relocation of MRGO Terminals to the Mississippi River as authorized by WRDA - $75 million

PLEASE LIST HIGHWAY PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO (this may include rail crossing) INCLUDING COST-SHARE.

List the type of intermodal connectors into your port - Rail connections into the port Highway (amount required and jobs created): - Replacement of Almonaster Railroad Bridge - $80 million

ARE THERE OTHER PORT INFRASTRUCTURE PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO that would be eligible for federal funding (please describe, including amount of funding and jobs created):

Relocation of existing state of the art cold storage facility from the IHNC to a new Mississippi River Facility due to the closure of the MRGO. - $40 million (includes demo of existing facility, site prep, wharf improvements, and building of new cold storage shed with all mechanical improvements)

NC State Ports Authority – Wilmington, NC

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List your maintenance projects and amount needed and jobs created (if known): - Wilmington Harbor (2010 funds needed for O&M $16M), Morehead City Harbor (2010 funds needed for O&M $6M)

List deepening projects and the amount needed and jobs created: - Wilmington Harbor Deepening (to complete $30M

Port of New York/New Jersey

PLEASE LIST WATER PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List your maintenance projects and amount needed and jobs created (if known): Maintenance dredging at PN/PE: $7 million; Port Jersey Channel $10 million

Other water projects – type and amount and jobs created if known – Share power at Brooklyn Cruise Terminal $3.5 million berth 36/63: $11 million; Berth 6 construction $20 million; Fender System Repairs $7 million; Burlkhead and Pile Rehab Brooklyn Port, $4 million

PLEASE LIST HIGHWAY PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO (this may include rail crossing) INCLUDING COST-SHARE.

List the type of intermodal connectors into your port - Highway (amount required and jobs created): North Ave/McLester Street Curve Realignment (Port Elizabeth) $10.2 million; Port Street Interim Traffic Improvements $500 K; Western Ave Bridge Rehab at Howland Hook, $1 million

COULD YOU USE MORE FUNDING UNDER EPA'S DIESEL EMMISSION CONTROL GRANT PROGRAM?

Yes

If yes, estimate costs and describe the project:

$3.5 M – installation of Shore Power Capability at Brooklyn Cruise Terminal - $1.6M – funding to cover the delta between shore power electricity rate established by utility and what is economically feasible for cruise line vessel to pay total for four vessel cars per year, $655,000 - Installation of new diesel engines with particulate filters in two cranes in Brooklyn. $3.6 M – Eighty percent of the $4.5 m cost to retrofit three switcher locomotives serving the port to GenSet configuration. Class I RR to pay remaining 20 percent. $6.5 M – funding to cover the delta between cost of low sulfur fuel at 1% sulfur content and conventional bunker fuel used by vessels transiting into and out of NY/NJ Harbor.

Port of Oakland, CA

PLEASE LIST <u>WATER PROJECTS</u> THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List your maintenance projects and amount needed and jobs created (if known): - Oakland Harbor Deepening Project (-50 Foot Project) - federal channel maintenance (O&M) on an annual basis performed by USACE, and then general berth and wharf maintenance performed by Port generally on an annual basis - $10 million for federal channel and $1.5 million for Port wharf maintenance - both projects support and preserve all economic and job impact data listed below.

List deepening projects and the amount needed and jobs created: - Oakland Harbor Deepening Project (-50 Foot Project) - additional $10 million in Construction General needed to complete project by mid-2009 - completion of project will fulfill previous economic impact analysis and support the creation of 8,000 additional jobs; $1.9 billion increased annual business revenue; and $55.5 million in annual local taxes when combined with the Port's exising and completed Vision 2000 terminal development.

List confined disposal project and the amount needed and job created: - As part of the -50 Foot Project, Port and USACE maintain a 100% beneficial reuse of dredged materials for wetlands restoration, habitat enhancement and upland use within San Francisco Bay - $3 million for Middle Harbor Enhancement Area - job creation unidentified

Port of Olympia, WA

PLEASE LIST <u>WATER PROJECTS</u> THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List your maintenance projects and amount needed and jobs created (if known): - Maintenance Berth Dredge, $6,000,000 20 additional longshore jobs created

PLEASE LIST <u>HIGHWAY PROJECTS</u> THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO (this may include rail crossing) INCLUDING COST-SHARE.

List the type of intermodal connectors into your port - Rail connections into the port Highway (amount required and jobs created): - Port Rail Infrastructure switches, gates $300,000 10 additional longshore jobs

COULD YOU USE MORE FUNDING UNDER EPA'S DIESEL EMMISSION CONTROL GRANT PROGRAM?

Yes

If yes estimate costs and describe the project:

Retrofitting loading equipment exhaust systems $200,000

ARE THERE NEW POLICIES THAT COULD IMMEDIATELY HELP PORTS IN TERMS OF FINANCING NEW INFRASTRUCTURE? If yes, please explain:

Environmental side of dredging

Panama City Port Authority - FL

PLEASE LIST <u>WATER PROJECTS</u> THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List your maintenance projects and amount needed and jobs created (if known): - South and west bulkhead replacement and rehabilitation--Construction estimates: Replace south wall=7.8 million, rehab south wall(drop back position) 2.0 Million. Rehab west wall2.0 million. No drop back position.

PLEASE LIST <u>HIGHWAY PROJECTS</u> THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO (this may include rail crossing) INCLUDING COST-SHARE.

List other highway and rail projects that could use immediate help. Include the amount and jobs created: - Us Hwy 98 and 23 rd Street intersection-Florida DOT est. 360 Million

Port of Richmond, VA

PLEASE LIST <u>WATER PROJECTS</u> THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List deepening projects and the amount needed and jobs created: - James River Expansion Project / $2.8 million ((Job retention - 60 jobs)

ARE THERE OTHER PORT INFRASTRUCTURE PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO that would be eligible for federal funding (please describe, including amount of funding and jobs created):

South Site Development Project / $2.9 million Wharf Apron Widening Project $3.0 million

Port of Sacramento, CA

PLEASE LIST <u>WATER PROJECTS</u> THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List your maintenance projects and amount needed and jobs created (if known): - Sacramento River Deep Water Ship Channel O&M Dredging, $5,000,000, 1,100 jobs

List deepening projects and the amount needed and jobs created: - Sacramento River Deep Water Ship Channel 35-Foot Deepening Project, $60 million, 2750 jobs

PLEASE LIST <u>HIGHWAY PROJECTS</u> THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO (this may include rail crossing) INCLUDING COST-SHARE.

List the type of intermodal connectors into your port - Highway (amount required and jobs created): - Port of Sacramento New Entrance/Intersection, $650,000, 3000 jobs

List the type of intermodal connectors into your port - Rail connections into the port Highway (amount required and jobs created): - Cemex Rail Project, $550,000, 35 jobs

ARE THERE OTHER PORT INFRASTRUCTURE PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO that would be eligible for federal funding (please describe, including amount of funding and jobs created):

Berth 5 ship loader $575,000 - 25 jobs; Biofuel Berth 5 Liquid Terminal Project - $1,250,000, 100 jobs

COULD YOU USE MORE FUNDING UNDER EPA'S DIESEL EMMISSION CONTROL GRANT PROGRAM?

Yes

If yes estimate costs and describe the project:

Two 1 MW LNG Portable Generator for Ship Emissions, $1,950,000 - portable generators developed by Clean Air Logix - to supply auxiliary ship engine power.

ARE THERE NEW POLICIES THAT COULD IMMEDIATELY HELP PORTS IN TERMS OF FINANCING NEW INFRASTRUCTURE? If yes, please explain:

Increase funding for FRA Rail Relocation under new Transportation Omnibus Bill

Port of San Diego, CA

ARE THERE NEW POLICIES THAT COULD IMMEDIATELY HELP PORTS IN TERMS OF FINANCING NEW INFRASTRUCTURE? If yes, please explain:

Authorize MARAD to act on behalf of individual Ports regarding implementing Port infrastructure projects (as in the Ports of Anchorage, Hawaii and Guam).

Port of Seattle, WA

PLEASE LIST <u>HIGHWAY PROJECTS</u> THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO (this may include rail crossing) INCLUDING COST-SHARE.

List the type of intermodal connectors into your port - Highway (amount required and jobs created): -
1) Spokane Street Viaduct Widening Project. This project would need between $40 million to $50 million to complete as part of a $170 million project. The completed funding would provide between 1,380 and 1,725 jobs*.
2) East Marginal Way Grade Separation. This project needs $7 million to $11 million to complete. The completed

funding would provide 240-380 jobs*.

List other highway and rail projects that could use immediate help. Include the amount and jobs created:
1.) The I-5/SR 509 Congestion Relief Project needs $1.25 B to complete. This project would fund about 43,000 jobs*.
2.) The S. 228th Street Extension and Grade Separation Project (Phase 3) needs $10 million to complete a $42 million project. The completed funding would provide 345 jobs*.
based on Federal Highway Administration estimate of 35,000 jobs per $1billion invested.
3.) I-5 Corridor Rail Improvements between Seattle and Vancouver - BNSF Railroad Company and Union Pacific
Currently there are projects that focus on maximizing existing capacity along the I-5 rail corridor to benefit both freight and passenger service. Below are examples of some of the projects that could improve rail service along the corridor and are ready for construction.
I-5 Rail Corridor Choke Points and Potential Projects:

- Vancouver Bypass: Allows for a bypass of the congestion at a critical junction of east-west and north-south tracks.
- Point Defiance Bypass: Creates a separate route for high speed passenger trains thus increasing the capacity of the main line for freight trains
- I-5 Corridor and access to Ports of Kalama and Longview Kelso to Martins Bluff Third mainline
- Port of Seattle Access and Argo Yard Operations: Duwamish Corridor and Second Lead Improvements
- Port of Tacoma mainline access: Tacoma Tide flats Improvements: North Wye Connection, Puyallup River Crossing
- Port of Vancouver access: Port of Vancouver Rail Extension Project
- I-5 Corridor Centralia-Chehalis Segment: Centralia-Chehalis Rail Corridor Consolidation Project (Blakeslee Junction)

COULD YOU USE MORE FUNDING UNDER EPA'S DIESEL EMMISSION CONTROL GRANT PROGRAM?

In January 2008 the Port of Seattle Commission adopted the voluntary Northwest Ports Clean Air Strategy The Strategy sets short-term (2010) and long-term (2015) performance measures for reducing emissions from cargo-handling equipment. The Port and its customers and tenants are looking for public/private partnerships to meet some of the goals of the Strategy. Drayage truck operations are a prime example where more Federal financial assistance is needed. The Strategy short-term performance measure for drayage operations calls for all drayage trucks to meet 1994 U.S. EPA on-road diesel emission standards by 12/31/2010. In order to reach this goal, approximately 25% of the known drayage fleet (346 of 1,416 trucks) will need to be replaced with newer trucks; trucks older than model year 1994 cannot be effectively retrofitted with emission controls.

If yes estimate costs and describe the project:

Using a low-end estimate of $20k to $25k per replacement truck, the cost to meet the 2010 truck performance measure (using the known fleet data) is $7 to $8 million. This funding is needed to ensure that truck owners are able to finance trucks that are cleaner, safer, and more fuel efficient, especially given the current economic forecasts and high fuel costs.

ARE THERE NEW POLICIES THAT COULD IMMEDIATELY HELP PORTS IN TERMS OF FINANCING NEW INFRASTRUCTURE? If yes, please explain:

1) Bonds issued by Port Authorities used to finance publicly owned facilities should not be subject to the Alternative Minimum Tax (AMT) 2) Bonds issued for private industrial development supported by Port Authorities should also not be subject to AMT. 3) All municipal bonds should be provided with federal guarantee for security.

South Carolina State Ports Authority – Charleston, SC

PLEASE LIST HIGHWAY PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO (this may include rail crossing) INCLUDING COST-SHARE.

List the type of intermodal connectors into your port - Highway (amount required and jobs created): - The Port Access Road for the Charleston Naval Base Container Terminal is a last mile connector linking the newly permitted container terminal in Charleston Harbor that will increase the capacity for the Port of Charleston by 1.4 M TEUs. This project has received $10 M in federal dollars and those dollars were matched by the required state dollar amount. The State of South Carolina has committed an additional $172.5 M for the project and the initial estimate calculated in 2006 estimates a need of $40 M for the interchanges connecting the Port Access Road to Interstate 26 at exit #217 and #218.

. COULD YOU USE MORE FUNDING UNDER EPA'S DIESEL EMMISSION CONTROL GRANT PROGRAM?

With less restrictions on how DERA money must be used, yes the SCSPA could use more funding.

ARE THERE NEW POLICIES THAT COULD IMMEDIATELY HELP PORTS IN TERMS OF FINANCING NEW INFRASTRUCTURE? If yes, please explain:

National policies and initiatives to raise dollars committed to infrastructure (road and rail) will be crucial for East Coast ports like the Port of Charleston as we gear up for the expansion of the Panama Canal.

Port of Tacoma, WA

ARE THERE OTHER PORT INFRASTRUCTURE PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO that would be eligible for federal funding (please describe, including amount of funding and jobs created):

1. Lincoln Avenue Grade Separation: a bridge overpass deconflicting existing at-grade rail crossings, adding roadway capacity, rail capacity and function, increasing road/rail function, and improving access/egress for marine terminal and manufacturing areas of the Tacoma Tideflats, $57M total project cost ($20M currently unfunded); will create construction jobs and facilitate sustained growth of marine industrial uses which inturn creates additional employment. 2. Hylebos Bridge: structural and mechanical rehabilitation of the currently inoperable bascule bridge, estimated total project $16.9M ($12.5 unfunded), provides second access/egress to the Blair-Hylebos peninsula, facilitating new marine terminal development which will bring thousands of both construction and terminal-related jobs.

ARE THERE NEW POLICIES THAT COULD IMMEDIATELY HELP PORTS IN TERMS OF FINANCING NEW INFRASTRUCTURE? If yes, please explain:

Incorporation of freight mobility as a meaning scoring/evaluation component for infrastructure financing applications.

Port of Vancouver USA, WA

ARE THERE OTHER PORT INFRASTRUCTURE PROJECTS THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO that would be eligible for federal funding (please describe, including amount of funding and jobs created):

Port of Vancouver USA - West Vancouver Freight Access Project (WVFA) The WVFA project is a multi-year, rail improvement project, currently in construction, that provides full unit train capacity within the Port of Vancouver and new rail access from the BNSF rail mainline at the Vancouver (WA) Wye. The project, constructed in phases, will result in 44 new miles of trackage. Total project cost: $137 million. Over the life of the project the West Vancouver Freight Access Project is slated to generate an estimated 1,969 construction jobs that will put more than $130 million in local purchases into the area's economy, according to an economic impact study done by John Martin & Associates. Additional jobs and increased economic value will result from the new rail infrastructure -- through growth of existing port tenants and customers and through new development on 200+ acres of the reclaimed Alcoa smelter site and at the 450+ acre Columbia Gateway site. Development of the Alcoa property alone is anticipated to add in excess of 1,000 new jobs. At full build out of the port properties (circa 2025), direct jobs at the Port of Vancouver should double current job numbers and reach 5,000 total direct jobs, according to John Martin & Associates. The project also provides increased capacity and velocity for the PNW mainline rail system, an advantage for other system users, including the ports along the I-5 corridor (Seattle, Tacoma, Longview, Grays Harbor, Kalama). Current rail simulation models show that by the end of 2012, internal rail improvements (unit train access) will provide a 30% improvement in delays within the port, within the BNSF Vancouver Rail Yard and on the system. Significant additional capacity and velocity improvements occur with the additional internal rail system improvements and with the opening of the new access (replacing the existing at grade crossing and access) point on the east-west mainline (2016).

Virginia Port Authority – Norfolk, VA

PLEASE LIST <u>WATER PROJECTS</u> THAT ARE FULLY DESIGNED, PERMITTED AND READY TO GO;

List confined disposal project and the amount needed and job created: - Craney Island Eastward Expansion Project $356 million federal funds (54,000 jobs at total build-out)

ACEC

AMERICAN COUNCIL OF ENGINEERING COMPANIES

"Investing in Infrastructure: The Road to Recovery"
Committee on Transportation & Infrastructure
October 29, 2008

The American Council of Engineering Companies (ACEC) strongly supports infrastructure investment for inclusion in any economic recovery legislation.

ACEC is the voice of the engineering industry. ACEC's 5,700 member firms employ more than 400,000 engineers, architects, land surveyors, and other professionals, responsible for more than $400 billion of private and public works annually that propel the nation's economy and safeguard America's quality of life.

Infrastructure is literally the foundation of the nation's economy, and that foundation is falling apart. An economic stimulus package built around infrastructure investment offers a positive and safe investment of taxpayer dollars that will spur economic growth both near and long-term.

On the transportation side, transportation-related industries account for 10 percent of U.S. Gross Domestic Product (GDP), and there is well-documented evidence of the direct correlation between transportation spending and job creation. Studies show that $1 billion in spending on infrastructure supports over 34,000 jobs, and those jobs created and sustained in the engineering and construction sectors are well paying and play a critical role in enhancing the nation's economic competitiveness.

Each dollar invested in highway construction generates $1.80 in GDP in the near term. As outlined in a 2002 report published by the Transportation Research Board, transportation investment strengthens local, regional and state economies by energizing city centers and facilitating employment opportunities. It also generates additional tax revenue by allowing businesses to expand operations and hire more workers.

In addition to short-term job creation, additional infrastructure spending will have long-term benefits to economy. The safe and efficient movement of people and goods contributes to economic growth by reducing travel time and increasing reliability, thus facilitating just-in-time manufacturing and delivery and making personal and business travel easier. In an economic analysis conducted for the Federal Highway Administration, researchers from New York University showed that every dollar invested in the nation's highways generated about 30 cents of production cost savings to businesses per year over the life of the improvement. At that rate, the initial investment value was exceeded in four years. That same NYU study estimated that highway investments contributed an average of 25% of total productivity growth nationwide over the last 40 years. There is no doubt that infrastructure spending has a sizable impact on the economy.

At the same time, the economic cost of underinvestment has been severe. Inadequate funding for transportation has led to deterioration, congestion and delays, all of which raise the price of doing business through maintenance and repair needs, wasted fuel and delayed cargo shipments. Last year, our national economy was crippled by nearly $80 billion in congestion costs. On the safety side, traffic accidents and fatalities, beyond their personal impact, exact a $230 billion annual toll in economic costs. We must not continue to put lives at risk or diminish our global competitiveness by failing to maintain and improve our transportation network.

Transportation infrastructure spending meets an immediate and pressing need. According to the National Cooperative Highway Research Program, there is a $58 billion gap between current expenditures and the cost just to maintain highway and transit performance. To make improvements to the system, that gap grows to $119 billion. The National Surface Transportation Policy and Revenue Study Commission reports an oft-cited $225 billion minimum annual investment needed to upgrade our system to a state of good repair and create a more advanced, sustainable system.

The massive quantity of transportation and infrastructure needs are certainly not going to be met in one piece of legislation. But, the American Association of State Highway Transportation Officials has identified over 3,000 ready-to-go projects that would be sped up through additional, near-term spending. Another area in need for infrastructure renewal and repair is the National Park system, including the National Mall in Washington, D.C., and other federal lands. Bridges and roads in our National Parks are in urgent need of repair or rehabilitation. Funding for all of these projects should be directed where work can begin within the 2009 construction season.

On the environmental side, the need is no less great. Over the next 20 years, America's water and wastewater systems face a funding gap of $300 to $500 billion between current annual investments in water infrastructure and the investments that will be needed each year to repair deteriorating water and wastewater systems and meet the mandates of the Clean Water Act and the Safe Drinking Water Act. The continuing decline in investment jeopardizes the quality, safety and security of our water. Wastewater treatment plants prevent billions of tons of pollutants from reaching rivers, lakes, and coastlines, protecting human health and benefitting segments of the economy that depend on clean, healthy water resources.

America's water systems contribute to the productivity of the workforce, the quality of the environment, the continuous growth in our GDP, and our standard of living. And like the transportation sector, water infrastructure projects also provide a needed short-term stimulus for job creation. The National Association of Clean Water Agencies, representing over 300 public wastewater treatment agencies, has identified a list of ready-to-go wastewater projects in communities around the country that could benefit from an immediate influx of spending.

By boosting infrastructure spending, we can take an important step toward cleaning up lakes and rivers, bringing quality water into people's homes, fixing structurally deficient bridges, rebuilding crumbling roads and highways, adding capacity to reduce congestion, and improving roadways and transit systems. And, the best part is that these are truly investments – we are building structures that will last and will provide added value for years and years. There is both short-term stimulus and long-term gain.

Thank you for this opportunity to present the engineering industry's views on the value of infrastructure investment in stimulating the nation's economy. As our members work on a daily basis to design solutions to the nation's infrastructure needs, we're equally committed to working with Congress to address these challenges on a national scale. Passage of an infrastructure-based stimulus package would be an important and vital step forward in this effort.

Thank you.

AMERICAN HIGHWAY USERS ALLIANCE

October 29, 2008

Hon. James L. Oberstar, Chairman
Committee on Transportation and Infrastructure
U.S. House of Representatives
2165 Rayburn House Office Building
Washington, DC 20515

Hon. John L. Mica, Ranking Member
Committee on Transportation and Infrastructure
U.S. House of Representatives
2163 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Oberstar and Ranking Member Mica:

The American Highway Users Alliance commends you and the entire Committee on Transportation and Infrastructure for holding today's hearing to document transportation's key contribution to the needed economic recovery plan. We request that this statement be included in the record of the hearing "Investing in Infrastructure: The Road to Recovery."

The American Highway Users Alliance strongly supports prompt enactment of legislation that includes funding for highway projects as part of an economic recovery and growth plan. Federal funding for road projects has been a successful element of economic growth plans for the past one-hundred years. The economic value of these programs is well-documented and highway investments are just as important and effective today as in the past. In fact, with today's congestion levels and the aging of our nation's critical bridges and pavements, the need for public investment in highway infrastructure is greater than it has ever been.

Highway investments improve business and personal productivity, create and sustain jobs, save fuel, streamline logistics, prevent the human and economic cost of highway crashes, and keep America moving. These benefits have both quantitative and qualitative economic results. For example, projects that add capacity to Interstate Highways have economic benefits as much as six dollars per dollar in cost. Investments in safer roads and elimination of hazards are a small price to pay to bring down the estimated $231 billion in annual societal costs from roadway accidents. Each billion dollars in Federal highway capital investment is estimated to create nearly 35,000 jobs.

Earlier this fall the House passed legislation that would provide $12.8 billion in Federal General Funds, at a 100% Federal share, for highway projects. The American Highway Users Alliance urges prompt enactment of legislation with at least that $12.8 billion level

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of highway funding, both to help get our country moving again and to provide benefits that will sustain a recovery once it is underway..

Thank you again for holding this hearing and for building a strong record in support of prompt enactment of legislation to invest in our nation's highways.

Sincerely,

Gregory M. Cohen

Gregory M. Cohen
President and CEO

APWA
AMERICAN PUBLIC WORKS ASSOCIATION

Your Comprehensive Public Works Resource

www.apwa.net

2345 Grand Blvd., Suite 700
Kansas City, MO 64108-2625
816-472-6100 800-848-APWA
fax 816-472-1610

1401 K Street, NW, 11th Floor
Washington, DC 20005-3457
202-408-9541
fax 202-408-9542

Hearing on Investing in Infrastructure: The Road to Recovery

Statement of

Noel Thompson
President

American Public Works Association

To the House Committee on Transportation & Infrastructure

October 29, 2008

Chairman Oberstar, Ranking Member Mica and Members of the House Transportation and Infrastructure Committee, thank you for the opportunity to submit testimony for this hearing on investing in infrastructure. My name is Noel Thompson, President of the American Public Works Association (APWA). I submit this statement today on behalf of the more than 29,500 public works professionals who are members of APWA, including our nearly 2,000 city, county, special district and other public agency members.

APWA is an organization dedicated to providing public works infrastructure and services to millions of people in rural and urban communities, both small and large. Working in the public interest, APWA members design, build, operate and maintain transportation, water supply and wastewater treatment systems, waste and refuse disposal systems, public buildings and grounds, and other structures and facilities essential to the economy and the American way of life.

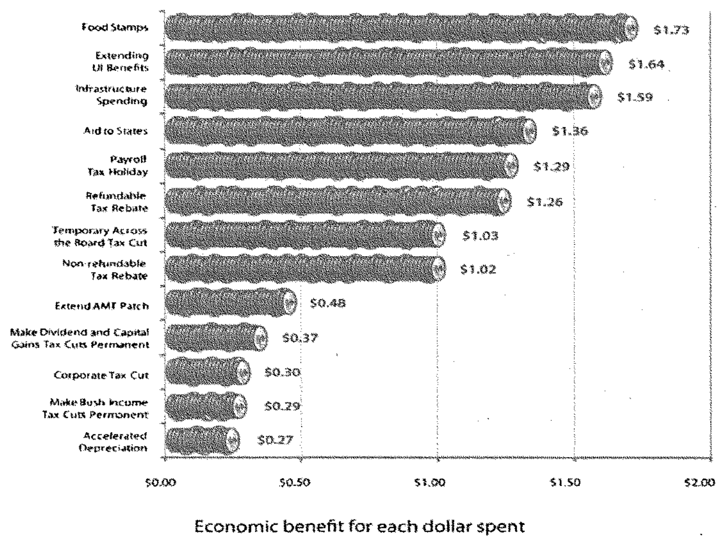
We welcome and commend the recent attention you have given to issues affecting 'Main Street' America. With our nation confronting the greatest economic crisis in decades, local governments – those responsible for the improvement and repair of America's 'Main Streets' – are finding it increasingly difficult to secure the necessary funding to repair and rebuild aging and deteriorating critical infrastructure in their communities. Despite increasing local commitments, the scale and the breadth of the nation's infrastructure needs are such that increased federal commitments are both urgent and necessary to support Main Street's future economic recovery and growth.

Our nation's current economic crisis requires a new fiscal policy that injects much needed investment at the local level. I urge you to consider a sound, robust federal investment program that directs funding to urgently needed infrastructure projects. An economic recovery package so designed will produce timely and effective results.

How? It is a fact that state and local governments have billions of dollars of backlogged infrastructure projects – transportation, water utility, environmental improvements – that are ready to go but lack immediate funding. These projects, if funded, will put people to work, generate orders for supplies and equipment and make improvements to key infrastructure assets that will continue to sustain economic growth in our communities for years to come. Targeting projects that have been approved, yet remain unfunded, such as road resurfacing, bridge repair, water treatment facility upgrades and pipe repairs, will create jobs, generate immediate economic activity and spur a multiplier effect.

As government spending is increased, it creates ripple benefits through the entire economy. According to Mark Zandi from Moody's Economy.com, each dollar of infrastructure spending could provide a $1.59 boost to the economy, while each dollar of refundable tax rebates only boosts Gross Domestic Product by about $1.26.

Economic benefits of various stimulus provisions



Source: Mark Zandi from Moody's Economy.com

Tackling long-standing infrastructure needs would lower transportation costs and benefit water quality and the environment and ultimately add a much needed boost to the flagging economy.

Investment in public infrastructure projects is a proven way to boost the economy. Data show that every $1 billion invested in transportation, for example, generates an estimated 37,000 good paying jobs and up to $6 billion in additional gross domestic product. Increased investments in water and sewer projects are equally relevant. However, public infrastructure investment as a share of gross domestic product has steadily decreased for decades. A reversal of this trend can provide economic stimulus and build the foundation for long-term economic growth and sustainability.

The decades of chronic underinvestment in our nation's public infrastructure are jeopardizing public safety, our economic competitiveness and environmental quality. The nation cannot remain economically competitive with the rest of the world if our transportation systems are inadequate, our bridges are crumbling and our water systems are leaking and in need of repair and maintenance. Currently, local governments pay for over 95 percent of the investment in water infrastructure, and the federal share continues to be cut while the US Environmental Protection Agency routinely upgrades water quality standards imposing additional unfunded mandates on already strained local budgets.

Despite the best efforts of local government officials, the nation's infrastructure gap continues to grow while local budgets are faced with numerous competing needs. Our clean water infrastructure investment needs exceed $400 billion. As a nation, we currently invest less than 40 percent of the $225 billion to $340 billion the National Surface Transportation Policy and Revenue Study Commission found is needed annually to bring our surface transportation network (roads, bridges, public transportation, freight rail and intercity passenger rail) into good repair. The result of this underinvestment is diminished public health and safety and reduced productivity and competitiveness.

As you move forward, we urge you to include a robust investment in job-generating public infrastructure projects in any economic recovery proposals considered by Congress. The investment will serve as a much-needed catalyst for economic recovery and job creation in local communities and provide resources to reverse years of deferred maintenance and improvement that have cost Main Street jobs and economic opportunity.

As local governments struggle to find the resources to pay for essential community infrastructure projects (water, sewer, and transportation), billions of dollars of backlogged shovel-ready projects remain delayed because of funding shortfalls. Due to the severe problems in the domestic and global financial markets, local governments are finding it increasingly difficult to access the capital they need. Moreover, shrinking tax revenues within communities are further constraining local budgets.

A recovery plan that targets already approved yet unfunded projects, such as road resurfacing, bridge repairs, water facility upgrades and pipe repairs, will produce timely and effective results by generating jobs and orders for supplies and equipment, while making necessary and long overdue improvements to key infrastructure assets. These improved assets will continue to sustain economic growth in our communities for years to come.

Such investment will also help repair and improve the nation's deteriorating infrastructure, thereby improving safety, efficiency and economic competitiveness. Without a strong public infrastructure backbone, the nation's economy, local governments and Main Streets across the country will not have the capacity to support the movement of goods and services needed to revitalize communities and ultimately the economy. Addressing the financial challenges of local governments is just as important as addressing the challenges faced by the national financial institutions and Wall Street.

Infrastructure investment contributes to economic productivity by expanding economic growth of the locality, region, state and nation as a whole. For example, a new highway, allows for increased transportation of people, goods and services. More importantly, such investment does more by creating opportunities for new businesses to locate near the new road, providing additional jobs and output. Similarly, infrastructure investment also contributes to economic growth through expenditures associated with purchasing, installing, operating and maintaining the infrastructure itself. Additionally, strategic public investments in the economic backbone of the nation's economy – transportation, water and sewer systems - will spur the economy in the short-run and increase long-term economic growth. The sooner these investments are made, the sooner Main Street can start reaping the rewards.

Mr. Chairman and Ranking Member Mica, thank you for holding this hearing. We are especially grateful to you and Committee members for the opportunity to submit this statement. APWA stands ready to assist you and the Committee as we move forward toward economic recovery.

Testimony before the

Committee on Transportation and Infrastructure

U.S. House of Representatives

Investing in Infrastructure: The Road to Recovery

October 29, 2008

by Betsy Otto

Vice President, Strategic Partnerships

American Rivers

www.americanrivers.org

On behalf of American Rivers' 65,000 members and supporters, thank you for holding the hearing *Investing in Infrastructure: The Road to Recovery*. American Rivers applauds the Committee for spotlighting the need for more federal infrastructure investment to stimulate the economy and meet clean water needs and requests that this written testimony be included in the official hearing record.

This moment in time offers a unique opportunity for Congress to put forth a new vision for water. In much the same way that we need to invest in energy efficiency and low-carbon technologies to fuel our economy in the 21st century, we need a very different model of water infrastructure investment. We will make a terrible mistake if we simply rebuild water systems that date from the 19th and 20th centuries. This will lock in investments for decades that are too costly, too inflexible, and may cause more harm than benefit.

Instead, we urge the Committee, and Congress as a whole, to direct more funding to solutions that will work best and most cost-effectively in a world dominated by climate change and new economic challenges. Our specific recommendations are listed below.

U.S. Water Infrastructure is Crumbling…and So is Funding

As the Committee is well aware, America's water infrastructure is at a crisis point. Water and wastewater systems now receive the lowest grade, a D-, of all infrastructure rated by the American Society of Civil Engineers.[1] Aging sewers and treatment plants, growing population, and sprawling development patterns strain our existing clean water systems. At the same time we continue to lose crucial elements of our natural clean water system – headwaters streams, wetlands, forests, and natural floodplains. Climate change is already making the problem worse, and scientists predict more frequent and severe droughts and floods as the planet warms.

Since 2002, federal clean water funding has declined significantly, leaving states and local governments to fill the gap. Between 2004 and 2005, states and municipalities spent $36 billion on sewers and another $46 billion on drinking water. In 2006, local governments made 96% of all sewage treatment investments.[2]

The financial crisis and economic downturn have now virtually shut off all local investment. U.S. EPA has stated that water quality declines are reversing decades of improvement, and in less than a decade, without substantial increases in historic water infrastructure funding, pollution will be similar to 1970 levels.[3]

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[1] American Society of Civil Engineers, Report Card on America's Infrastructure, accessed online Oct. 25, 2008, http://www.asce.org/reportcard/2005/index2005.cfm

[2] U.S. Conference of Mayors, Mayors Water Council, *Local Government Investment In Municipal Water And Sewer Infrastructure: Adding Value To The National Economy*, at 1, August 14, 2008 (accessed October 25, 2008, http://www.usmayors.org/pressreleases/uploads/LocalGovtInvtInMunicipalWaterandSewerInfrastructure.pdf)

[3] U.S. EPA, The Clean Water and Drinking Water Infrastructure Gap Analysis, at 8, September, 2002 (http://www.epa.gov/owm/gapreport.pdf)

We need a national commitment to water infrastructure investment, but we need to invest more wisely.

21st Century Water Agenda

We need a new agenda for water in this country that does not rely upon the outmoded approaches of the past two centuries. Climate change is changing traditional precipitation patterns and causing wide volatility. In a recent issue of Science magazine, hydrologists and water engineers commented that a central tenet of civil engineering called "stationarity" – the notion that water systems can be designed and managed for a relatively stable range of conditions – is no longer true.[4] As climate change reduces snow packs and increases droughts, reservoirs as large as Lake Mead, the drinking water source for 30 million Americans, are drying up.[5] Building more dams, as Atlanta and many other metro areas are proposing, won't work unless it rains (in the right place), and won't address unsustainable water use. Bigger storms are already causing more sewer overflows and flooding, and it is not physically or fiscally possible to enlarge underground stormwater tunnels enough to hold it all. Experts predict that these extreme hydrologic swings will only increase with global warming.[6]

We must invest in new solutions.

American Rivers believes that future federal water investments should be governed by three key goals:

1. Nature works best and cheapest.
2. Don't waste money.
3. Integrate "green" and traditional solutions for greater safety and security.

First, we must invest more substantial portions of our water dollars in natural infrastructure. This means viewing small streams, wetlands, floodplains, and forests as essential and effective components of our water infrastructure. New York City's $600 million investment in Catskills land protection and restoration did the job of $6 billion in capital costs to construct a water filtration plant as well as $200-300 million in annual operation and maintenance costs.[7] And the city is consistently noted for having some of the safest drinking water in the world.

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[4] Milly, et al., "Stationarity is Dead: Whither Water Management?" *Science*, February1, 2008: Vol. 319. no. 5863, pp. 573 - 574

[5] Scripps Institution of Oceanography, Feb. 12, 2008 news release (accessed Oct. 25, 2008, http://scrippsnews.ucsd.edu/Releases/?releaseID=876)

[6] Kundzewicz, Z.W et al. "Freshwater Resources and Their Management." *Climate Change 2007: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change*, M.L. Parry et al. Eds., Cambridge: Cambridge University Press, 2007. 173-210.

[7] "Ecosystem Services: A Primer." The Ecological Society of America. August 2000. http://www.actionbioscience.org/environment/esa.html.

Second, we need to spend every water dollar as wisely as possible. Spending money wisely means investing in multi-purpose solutions that lower costs and provide more benefits. Recently, the City of Indianapolis announced that by using wetlands, trees, and downspout disconnection to reduce stormwater flows into their combined sewer system, the City will be able to reduce the diameter of the planned new sewer pipe from 33' to 26', saving over $300 million.[8] Spending money wisely also means prioritizing hard infrastructure dollars to protect the highest-value investments, such as downtowns and critical facilities, like hospitals. It does not make economic sense to spend precious capital to build levees to protect soybean fields or 'sewer lines to nowhere.' Finally, we must invest in efficiency first, before we invest in any new hard infrastructure. If the Atlanta metro area undertook a set of common water efficiency practices and policies, it could save as much as one-third of its current water use, twice the amount of water provided by four proposed dams, saving $700 million.[9] Those public savings, in turn, could be used to meet other municipal needs.

Third, a 21st century approach to water infrastructure enhances community safety and security. Clean, abundant water and protection from storms is at the heart of our safety and security. Climate change and other impacts are threatening that security, and we need a more modern mix of green and traditional approaches that will help communities be more prepared for the coming changes.

We cannot eliminate engineered systems, such as pipes, treatment plants, and levees. Nor should we. They are important elements of our clean water system, and many are in desperate need of repair or replacement. But relying on fixed engineering solutions alone won't solve our future needs. Instead, we should optimize the mix of green infrastructure as a "first line of defense" complemented with state-of-the-art engineered technology. Chicago and other cities are installing green roofs to capture stormwater, and are using that water to cool buildings, flush toilets, and irrigate landscaping. This not only reduces the use of water treated to drinking water standards, it reduces sewer overflows and flooding and cuts rooftop temperatures by as much as 90 degrees.

Economic Stimulus and Green Jobs

Green strategies create good jobs in many sectors, including plumbing, landscaping, building, and design. It also supports supply chains and the jobs connected with manufacturing of materials including roof membranes, rain barrels, and permeable pavement. For example, New York City's broad sustainability plan, PlaNYC, includes investments in green infrastructure to reduce stormwater and sewage and protect drinking water supply. The City estimates that full implementation of PlaNYC will create 4,449 water infrastructure jobs of all types per year. In DeKalb County, Georgia, where retrofits

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[8] *Sewer Overhaul Mean More Green*, Indystar.com Oct. 14, 2008, http://www.indystar.com/apps/pbcs.dll/article?AID=/20081014/LOCAL18/810140384.

[9] American Rivers, *Hidden Reservoir: Why Water Efficiency is the Best Solution for the Southeast*, October, 2008, at 6, http://www.americanrivers.org/site/DocServer/SE_Water_Efficiency_Oct_2008_opt.pdf?docID=8421

with water-efficient fixtures are now required upon creating a new account with the water utility, the County estimates that retrofitting its 165,000 pre-1993 homes would generate between $74.25 million and $148.5 million worth of skilled, well-paying jobs in the plumbing industry.[10]

Green strategies for meeting water needs are smarter environmentally and fiscally, and are already being applied by many forward-looking cities, including New York, Chicago, Portland, Seattle, San Francisco, Minneapolis-St. Paul, Milwaukee, Kansas City, Toledo, Cincinnati, Philadelphia, and many others. Seattle Public Utilities is spending 13 percent of its capital improvement budget on green infrastructure projects.[11] The Metropolitan Water Reclamation District in Chicago estimates that 22 percent of its 2007 stormwater fund expenditures were directed toward green infrastructure projects.[12] New York City plans to spend nearly $1 billion per year over 20 years in green strategies to address stormwater needs under its PlaNYC 2030 plan to prepare for climate change impacts.[13]

Looking across those and other examples, an average of 16.1 percent of water infrastructure funding is already being applied by cities for green approaches. Based on EPA's estimate of a clean water capital funding shortfall of $388 billion over a twenty year period,[14] that percentage equates to at least $3 billion in funding for green infrastructure strategies per year. H.R.720, passed by the House in 2007, called for a 25 percent set-aside for green strategies for all appropriations over $1 billion. We feel that a level between 16 percent, reflecting current city investments, and 25 percent, reflecting policy passed by the House, should be the standard for all new federal water investment.

Given the value of and demand for green infrastructure, we believe that Congress should appropriate at least 16 percent of clean water and drinking water infrastructure funding in the form of grants for green strategies in any stimulus bill.

We are at a cross roads today in how we manage our water needs. We can no longer afford to apply outmoded designs of the past to meet the challenges of the future. The time is now to make long-lasting economic investments, create good jobs that respond to the new, green economy, and meet the water challenges facing us in this century.

American Rivers appreciates the House Transportation and Infrastructure Committee's consideration of our views.

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[10] Jenny Hoffner, American Rivers, personal communication.
[11] The Civic Federation, *Managing Urban Stormwater with Green Infrastructure, A Case Study of Five U.S. Local Governments,* 2007, at 43-44.
[12] *Id.* at 19.
[13] New York City, Draft Sustainable Stormwater Management Plan, Oct. 1, 2008, at 41, accessed Oct. 25, 2008,
http://www.nyc.gov/html/planyc2030/downloads/pdf/draft_sustainable_stormwater_management_plan_october_2008.pdf)
[14] U.S. EPA, The Clean Water and Drinking Water Infrastructure Gap Analysis, at 26, September, 2002 (http://www.epa.gov/owm/gapreport.pdf)

The American Shore & Beach Preservation Association
Protecting our coastal economy and ecology since 1926 **asbpa**

Testimony
of
The Honorable Harry Simmons
President
American Shore & Beach Preservation Association
to the
Committee on Transportation and Infrastructure
United States House of Representatives
Washington, D.C.
October 29, 2008

Mr. Chairman, Ranking Member and distinguished committee members:

Thank you for this opportunity to submit this statement on behalf of the American Shore & Beach Preservation Association. As the association's president, I urge this Committee to provide a much-needed stimulus for America's economy by investing in an expansion and modernization of its infrastructure. Specifically, ASBPA believes that an economic recovery package should include at least $5 billion in water resources projects.

JOBS: $5 billion in water resource projects will create over 140,000 new jobs. Of this total, almost 40,000 would be new private sector jobs with average salaries ranging from $38,000 to $42,500. Over 100,000 additional new jobs would be created in industries supplying the water resource projects funded by the stimulus and the goods and services needed by the workers and their families.

USING THE NATION'S WATERWAYS TO STIMULATE THE ECONOMY. The nation's Marine Transportation System contributes 30% of the nation's Gross Domestic Product through movement of products for domestic use and export. Approximately 94% of the nation's commercial import and export commerce, valued at over $620 billion, is moved on Federal channels and waterways. The stimulus funding will improve channel availability of our coastal ports from 32% to 95% and boost inland waterway lock and channel reliability and availability by reducing lock closures due to mechanical failures from 27,000 hours to 10,000 hours/year. Increased waterborne commerce will also mean more goods moving by rail and highway, creating more new jobs.

REDUCING COASTAL HAZARDS. There are several coastal protection projects scheduled for periodic nourishment in order to maintain the level of storm damage protection that Congress authorized and, therefore, requires. In addition, there are at least two new coastal protection projects that have been authorized by Congress and are ready for construction. In some areas, sand obtained from navigation projects can be placed on or near the shoreline to reduce the damaging wave energy of storms. The American Shore & Beach Preservation Association also urges that up to $1 million of stimulus funds be allocated to expedite completion of ongoing feasibility studies for coastal protection in states on the Gulf and East coasts and the Great Lakes.

PRESIDENT'S OFFICE
1100 Caswell Beach Road, Caswell Beach, NC 28465
(910) 200-7867 • Fax (800) 967-0816
E-mail: president@asbpa.org
Visit the ASBPA online at www.asbpa.org

WASHINGTON OFFICE
c/o Marlowe & Company
1667 K Street, Suite 480, Washington, DC 20006
(202) 775-1796 • Fax (202) 775-0214
E-mail: beaches@asbpa.org

IMPROVING DAM SAFETY. There are several dams operated by the Corps of Engineers whose water control structures and gates are over 50 years old. These need to be repaired so they can continue to offer the level of safety they were designed to provide. In addition, safety modifications need to be made to approximately 18 projects that have received an Unsafe or Marginally Unsafe Dam Safety Assessment Condition rating and are operating under restricted conditions.

LOWERING FLOOD RISKS. Twenty-three civil works projects could be completed allowing for the realization of over $154 million in average annual national benefit resulting from reduction in flood damage to homes and businesses and reducing risk for over 9 million people.

ENHANCING RECREATION & THE ENVIRONMENT. Funds will be used to hire 1,300 additional workers (400 temporary rangers and 900 maintenance/contract laborers) to provide increased health and safety programs and perform critical maintenance and facility improvements in Corps-operated parks. Funds will also allow the Corps to host an additional 9 million visits that will contribute $262 million in trip spending to the regions surrounding Corps lakes and add 3,380 jobs and $127 million in value added to the local economies. These jobs in turn will produce over $25 million in increased Federal tax revenues. Stimulus funding will greatly expedite the construction of critical environmental projects, protecting critical ecosystems and producing beneficial impacts on more than 1 million acres could be expedited. Of these outputs, approximately 90% are nationally significant and would contribute greatly to long-term environmental sustainability. Funds will also be used to hire 700 additional workers to make improvements to land and water quality.

GENERATING MORE HYDROPOWER. Approximately 1.6 billion kilowatt-hours of additional clean renewable energy can be generated and an additional 465 megawatts of capacity will be developed. The economic stimulus funds will also improve performance metrics in unit peak availability by 6-8 percentage points from 84% to 90% and avoid burning approximately 650,000 tons of coal and importing approximately 2.4 million barrels of oil.

POLICY RECOMMENDATION: Many Corps of Engineers projects are cost-shared with non-federal interests. In order to expedite the execution of water resource projects and maximize their stimulus, the American Shore & Beach Preservation Association recommends the enactment of a one-time provision that enables any cost-sharing sponsors to have five years to repay their share. The Corps could then immediately apply available funding to the highest and best use for the nation without regard to the immediate availability of matching funds from partners.

Founded in 1926, the American Shore & Beach Preservation Association represents the scientific, technical and political interests along the coast in an effort to shape national coastal research and policies that promote responsible stewardship of America's coastal resources. On behalf of this esteemed organization, I want to thank you for the opportunity to provide the Committee testimony and strongly encourage you to fund our nation's water resources needs.

Investing in Infrastructure: The Road to Recovery
Testimony of
The American Traffic Safety Services Association
October 29, 2008

The American Traffic Safety Services Association (ATSSA) is pleased to provide this testimony to the Transportation and Infrastructure Committee of the United States House of Representatives as it examines how infrastructure investment contributes to job creation and economic recovery. ATSSA is a trade association located in Fredericksburg, VA. Our more than 1600 members manufacture and install lifesaving roadway safety devices such as signage, markings, guardrail, barrier, crash cushions, impact attenuators, variable message signs, and everything orange you see in a work zone. They are on the front lines of construction every day.

As the committee will no doubt hear from others, each $1 billion in roadway funding creates about 35,000 jobs and generates more than $2 billion in economic activity. Conversely, losing roadway funding has a direct negative economic impact through job loss, reduced mobility and lost productivity.

The current funding volatility due to uncertain motor fuel tax receipts at the federal, state and local levels of government has already created construction disruptions around the country. Fuel prices topping $4 per gallon -- and the general economic slowdown resulting from the troubles on Wall Street – have exacerbated this crisis. The reduction in vehicle miles traveled and the reduction in fuel purchases continue to impact this nation's transportation funding system.

Spending resources on roadway safety features should be a key component of any transportation spending that might arise from an economic recovery or infrastructure stimulus package. In addition to providing needed jobs in the transportation sector, a key benefit from targeting a portion of an infrastructure stimulus package to roadway safety is that – in general – upgrading safety features does not require lengthy planning cycles, environmental reviews, etc. In addition, roadway safety features save lives and mitigate injuries – thus resulting in substantial savings in the area of "societal costs". These additional savings provide a second economic impact that is too often forgotten when we discuss infrastructure investment.

States are only now beginning to report results from safety projects undertaken with Highway Safety Improvement Program (HSIP) funds. For example, many state DOTs have installed median barrier to prevent crossover crashes on divided highways. This barrier has been reported as being 95% to 100% effective, virtually eliminating crossover deaths in some states. Likewise, the state of Missouri has been very aggressive in using rumble stripes on two lane rural roads to reduce run-off-road crashes resulting in a 25% decrease in these crash types.

Original installation and modernization of safety features can result in clear economic benefit. In a recent report on its Strategic Highway Safety Plan, CalTrans stated that for a three-year evaluation period of 86 projects totaling $91.7 million, the minimum savings was $635 million -- which translates into a benefits-cost ratio of 47:1 (assuming a life cycle of 20 years). On a local basis, Mendocino County, CA, determined a minimum benefit cost ratio of 159:1 for its $79,260 sign installation and upgrade program.

If Congress is interested in putting additional transportation funds to use quickly, a portion of a stimulus package could be targeted to the following activities:

1. Installation or upgrade of median barriers on the National Highway System;
2. Installation of rumble strips or another warning device, if the rumble strips or other warning devices do not adversely affect the safety or mobility of bicyclists, pedestrians, and the disabled;
3. Improvement of highway signage and pavement markings for both state and locally owned roads, including but not limited to any material upgrades and the implementation of any assessment or management method designed to meet state-established performance standards or required by federal regulation or the Manual on Uniform Traffic Control Devices to meet minimum levels of retroreflectivity.
4. Installation or modernization of guardrails, barriers and crash attenuators;
5. Installation of a traffic control or other warning device at a location with high accident potential;
6. Systemic improvements to dangerous rural roads, including signage, markings, crash cushions and barriers, guardrails, and systems and devices intended to reduce crashes and fatalities.

In order to inject funds into the economic system as promptly as possible, consideration might be given to requiring that each state pass through 25% to 50% of any new transportation funding to the local level. However, it is our understanding that under current Federal programs local governments are encountering difficulty in complying with complex application procedures and with finding project funds to advance for later reimbursement by the federal-aid highway program. Therefore, we recommend that federal and state application requirements for these funds should be minimal. We also believe that at this time a mechanism should be included that would ameliorate the requirement that local governments advance project funds and subsequently be reimbursed through the highway account. Perhaps a method could be established to allow at least a partial "advance" of funds to recipients at the local level due to the severe stress on local government finances as a result of the extreme downturn in housing values and their impact on real estate tax revenues. An additional method to accelerate the expenditure of funds would be to take advantage of provisions in existing law that allow for 100% federal share on certain safety projects.

We would like to thank the committee for the opportunity to submit these comments for the Hearing Record. We stand willing to assist the committee in any way possible in this important effort.

ATA
AMERICAN TRUCKING ASSOCIATIONS
950 N. Glebe Road ★ Suite 210 ★ Arlington, VA ★ 22203-4181
www.truckline.com

Before the Committee on Transportation and Infrastructure

Hearing on "Investing in Infrastructure: The Road to Recovery" October 29, 2008

Testimony of the American Trucking Associations

Chairman Oberstar, Congressman Mica and members of the Committee, thank you for giving the American Trucking Associations (ATA)[1] the opportunity to testify. As you know, the question is no longer whether the economy is in a recession, but how deep will it be and how long will it last. ATA believes that our Nation is entering its toughest economic period in over 20 years. High energy costs, tightened credit markets, decreased factory output, a slumping housing market and general weakness in the economy that has contracted consumer spending have affected the trucking industry especially hard. Beginning in July, truck tonnage began to fall significantly. We expect this weakness in truck tonnage to continue into 2009. Mr. Chairman, the recession has already taken its toll on our industry. According to Avondale Partners, LLC, 1,905 motor carriers with at least five trucks failed during the first half of 2008, with an additional 785 ending operations in the third quarter. Together, these carriers operated over 100,000 trucks and employed thousands of people.

With no end in sight to the economic downturn, our Nation cannot simply wait for the current situation to improve. While we are confident that the steps taken by Congress, the Treasury Department and the Federal Reserve to address the situation thus far will be helpful in the coming months and years, immediate action is needed to jumpstart the economy and put America back to work. ATA strongly believes that investing in America's infrastructure is a crucial part of a broad strategy to bring the United States out of the current economic crisis. Such investments will stimulate immediate job creation, put American businesses back on track and restart our country's economic engine.

[1] The American Trucking Associations is the largest national trade association for the trucking industry. Through a federation of other trucking groups, the industry-related conferences and its 50 affiliated state trucking associations, ATA represents more than 37,000 members covering every type of motor carrier in the United States.

It is important to note that infrastructure spending will also have long-term benefits. More efficient transportation systems will more than pay for themselves over the long run by making our businesses more competitive, by reducing consumer prices, lowering health and other costs associated with highway accidents, and by reducing energy, environmental and efficiency costs related to highway congestion. Indeed, every dollar invested in the Nation's highway system yields $5.40 in economic benefits as a result of reduced delays, improved safety and lower vehicle operating costs. Furthermore, eliminating congestion in urban areas can reduce carbon emissions by more than 31 million tons per year.

Highway investment will give a shot in the arm to trucking companies serving the construction sector, who have suffered the devastating effects of the housing slump. The income that infrastructure investments create will spur consumer spending, spreading the benefits of the economic recovery package to retailers and manufacturers, and to the trucking companies which deliver their freight.

Mr. Chairman, ATA is grateful to the Committee for recognizing the difficulties facing American businesses and individuals, and for the Committee's efforts to spur economic growth through investments in infrastructure that will pay dividends for years to come. We fully support an economic recovery package that invests in highway infrastructure.

FasterBetterSafer

AMERICANS FOR TRANSPORTATION MOBILITY

1615 H Street, NW / Washington, DC 20062 / www.fasterbettersafer.org

October 28, 2008

The Honorable James Oberstar	The Honorable John Mica
Chairman	Ranking Member
Committee on Transportation and Infrastructure	Committee on Transportation and Infrastructure
U.S. House of Representatives	U.S. House of Representatives
Washington, DC 20515	Washington, DC 20515

Dear Chairman Oberstar and Ranking Member Mica:

The Americans for Transportation Mobility (ATM) coalition commends your leadership for scheduling a hearing tomorrow to examine how infrastructure investment can be a key element of a second stimulus package this year.

During these times of significant economic uncertainty, it is important to remember that infrastructure investment directly supports jobs and facilitates the improved movement of people and goods to spur economic growth.

Each dollar invested in highway and transit construction generates $1.80 of Gross Domestic Product in the short term, according to Standard & Poor's DRI. Every dollar taxpayers invest in public transportation generates about $6 in economic returns, reports Cambridge Systematics. According to the Department of Transportation, each $1 billion in federal highway investment accompanied by the state match supports 34,779 jobs. Conversely, a decaying surface transportation system costs the U.S. economy $78 billion annually in lost time and fuel; and crashes – approximately one-third of which are attributable to road conditions – drain an additional $220 billion.

Earlier this year state departments of transportation identified more than 3,000 highway projects totaling approximately $18 billion that could be implemented within 30-90 days from enactment of federal economic stimulus legislation. Furthermore, the American Public Transportation Association (APTA) has identified an estimated $8 billion in similar ready-to-go transit projects. The Coalition strongly urges Congress to provide funding for these critical efforts in any stimulus legislation Congress considers.

Sincerely,

Americans for Transportation Mobility

Cc: The Members of the Committee on Transportation and Infrastructure

ATM Management Committee Members

American Council of Engineering Companies • American Public Transportation Association • American Road and Transportation Builders Association • Associated Equipment Distributors • Association of Equipment Manufacturers • Associated General Contractors • American Society of Civil Engineers • International Union of Operating Engineers • Laborers International Union of North America • National Asphalt Pavement Association • National Stone, Sand, and Gravel Association • United Brotherhood of Carpenters and Joiners of America • U.S. Chamber of Commerce

APPALACHIAN REGIONAL COMMISSION
ARC
A Proud Past, A New Vision
Anne B. Pope
Federal Co-Chair

Statement of Anne B. Pope
Federal Co-Chair, Appalachian Regional Commission
Submitted to the Committee on Transportation and Infrastructure
October 29, 2008

Chairman Oberstar, Ranking Member Mica, and Members of the Committee. As Federal Co-Chair of the Appalachian Regional Commission (ARC), I am pleased to submit this statement concerning the role of infrastructure and economic development in Appalachia. ARC believes that strategic investments in basic infrastructure are critical to job creation, yielding both short-term job impacts and long-term, sustained economic growth. Indeed, providing critical basic infrastructure to distressed communities has been the linchpin of ARC's strategy for helping bring Appalachia into economic parity with the rest of the nation.

ARC's investments in infrastructure range from improving local water supply that will support new industry, to equipping industrial parks with wastewater treatment services and access roads, to expanding telecommunications access in rural areas, to constructing the Appalachian Development Highway System that will open up Appalachia to national and global markets. Since ARC's creation, roughly two-thirds of our funding has gone for basic infrastructure. That reflects our view that infrastructure is an essential building block for sustainable economic growth.

Appalachia's mountainous terrain and dispersed population make infrastructure projects more expensive than in much of the rest of the country, yet many communities lack the financial resources to meet the match required by other federal programs. ARC's funds thus enable these communities to acquire the infrastructure that is critical to their economic future.

The role of these projects in fostering growth is significant. Last year ARC released a study, conducted by the Economic Development Research Group, assessing the economic impact of ARC's infrastructure and public works projects. Examining a sample of 104 ARC projects (out of 400 total infrastructure projects) from the period 1999-2005, the study demonstrated the economic impact of ARC's investment in basic infrastructure across Appalachia. According to the study, the $29.4 million ARC invested in the sampled projects, coupled with $34.4 million in other federal investment, had the following economic impact:

- Created over 17,600 new jobs, while helping retain 9,580 existing jobs
- Generated $638.8 million in new wages annually
- Led to the expansion of $1.3 billion of annual personal income
- Leveraged $1.7 billion of total private investment, a ratio of $75 of private investment for every $1 of ARC funds.

These are the long-term benefits. But, of course, these infrastructure projects also produce construction-related jobs when the projects are being built. Our infrastructure study found that this sample of projects resulted in almost 7,000 construction jobs, yielding a significant and immediate economic impact in dozens of Appalachia communities.

These infrastructure projects--which included wastewater treatment facilities, water supply enhancements, access roads, and the rehabilitation of buildings--enhanced economic diversification, facilitated the reuse of vacant or underutilized sites, and stimulated additional workforce development.

In 2004 ARC invested $450,000, joined with $811,000 in state and local funds, to improve the wastewater collection system for an industrial park in Anderson County, Tennessee. The funds were used to construct new sewer lines and pump stations at the park to enable an auto parts manufacturer to construct and equip a new plant. The company invested $65 million in the plant, ultimately creating 400 new jobs.

Similarly, investments in the Appalachian Development Highway System (ADHS) are critical for job creation and economic growth. An earlier study of the ADHS conducted by Wilber Smith Associates found that the 12 ADHS corridors that were largely complete had led to a net increase of 16,000 jobs that would not otherwise have existed without the ADHS. More recently, a 2006 study by the Economic Development Research Group found that ARC counties with open ADHS segments had higher income growth than counties with similar economic and demographic characteristics that did not have ADHS segments, with the ADHS counties posting 200 percent more growth over the period 1969-2000.

I think it important to note, Mr. Chairman, that the economic benefits from the ADHS are not limited just to Appalachia. Rather, according to a study released earlier this year, the larger national economy will itself benefit significantly, largely because of improved freight movement. The estimated return for the nation as a whole is $3 for every $1 of federal money invested in completing the ADHS. That is a compelling benefit-cost ratio.

Because of the strong support of this committee, we are making good progress in building the system. The ADHS is now 82 percent complete. Like other state and local governments, the ARC states have additional highway projects lined up and ready to go and we will be working with them to ensure that they continue to make good progress toward completing key segments of the ADHS.

In short, Mr. Chairman, ARC has seen the economic development benefits that flow, particularly to economically distressed areas, from sound investments in infrastructure. Quite simply, these investments result in jobs. Providing rural communities with adequate infrastructure will continue to be the centerpiece of ARC's plan for fostering economic growth in Appalachia.

STATEMENT FOR THE RECORD

EDWARD R. HAMBERGER

PRESIDENT & CHIEF EXECUTIVE OFFICER

ASSOCIATION OF AMERICAN RAILROADS

BEFORE THE

U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

HEARING ON INFRASTRUCTURE INVESTMENT

OCTOBER 29, 2008

Association of American Railroads
50 F Street NW
Washington, DC 20001
202-639-2100

Introduction

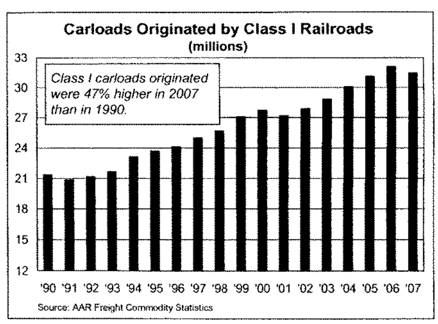
The Association of American Railroads (AAR) appreciates the opportunity to submit this statement for the record regarding railroad infrastructure investment. AAR members account for 75 percent of U.S. freight railroad mileage, 92 percent of employees, and 95 percent of revenue.

U.S. freight railroads operate a 140,000-mile network serving nearly every industrial, wholesale, retail, agricultural, and mining-based sector of our economy. Looking ahead, we cannot prosper in an increasingly-competitive global marketplace if our freight railroads cannot meet our growing transportation needs. Having adequate rail capacity is critical in that regard.

Policymakers have crucial roles to play. The AAR respectfully suggests that policymakers should take several steps — including approving tax incentives for infrastructure investments that expand rail capacity, implementing more public-private partnerships for rail infrastructure projects, and rejecting attempts to re-regulate railroads — that would help ensure that adequate rail capacity exists to meet America's future transportation needs.

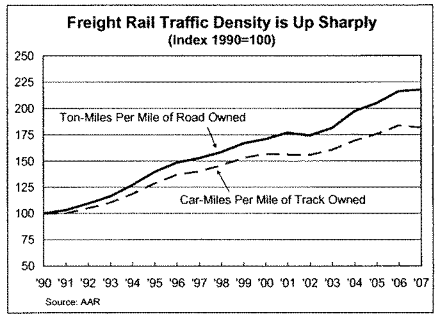
Rising Rail Traffic Has Strained Capacity

Over the past 15 years, economic growth, growing international trade, increasingly-congested highways, higher fuel prices, improved railroad reliability, and other factors have pushed more freight to railroads. From 1990 to 2007, tons originated for U.S. Class I railroads rose 36 percent, rail carloads originated rose 47 percent, and rail revenue ton-miles rose 71 percent.



There has been a slight decline in rail traffic in 2007 and so far in 2008, due to a weak economy. Even so, by the end of this year, U.S. freight railroads will have moved more freight in 2006, 2007, and 2008 than in any previous three-year period.

As a result, average freight rail traffic density is up sharply. From 1990 to 2007, car-miles per mile of track owned (a common way to measure rail density) rose 82 percent; ton-miles per mile of railroad (another density metric) rose 118 percent.

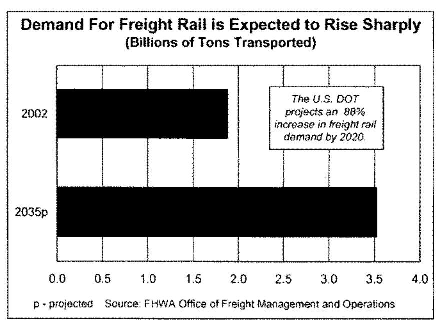


The increase in rail traffic and traffic density have led to capacity constraints in some areas. Different railroads vary in the degree to which their capacity is constrained, but there is no question that there is much less room on the U.S. rail network today than there was even a few years ago.

Future Rail Capacity Needs Are Substantial

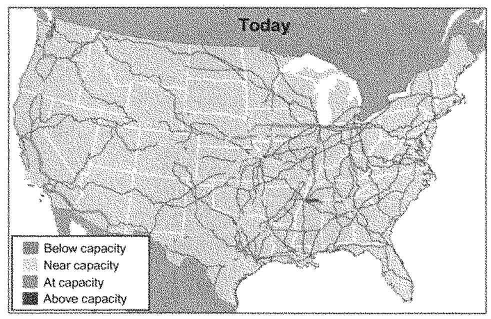
Current economic conditions have led to a lull in rail traffic growth, but this lull will be temporary — the long-term forecast is for steadily higher freight rail traffic.

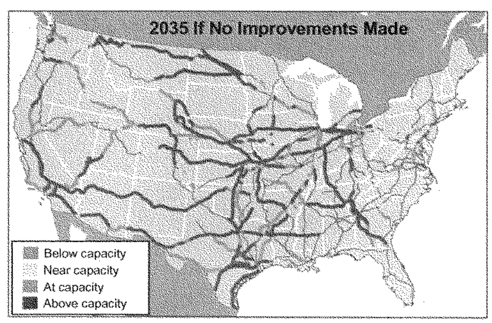
For example, the U.S. Department of Transportation has forecast that freight railroad demand will rise 88 percent by 2035 from 2002 levels. If the increase in rail traffic in the 15 years following 2007 simply matches the rate of growth over the 15 years prior to 2007, by 2022 Class I railroads will be originating 41.5 million carloads — up from 31.5 million in 2007.



The magnitude of the looming freight rail capacity issue was also borne out by a recent study by Cambridge Systematics, a prominent transportation consulting firm.

The purpose of the study, which focused on 52,000 miles of primary rail corridors, was to estimate the cost of the expansion in capacity necessary for U.S. freight railroads to handle the 88 percent increase in freight rail traffic forecast by the DOT for 2035, assuming no gain in rail's market share of intercity freight movements.





The study found that if rail capacity needs are not properly addressed, by 2035 some 16,000 miles of primary rail corridors — nearly one-third of the 52,000 miles covered in the study — will be so congested that train flows would be unstable and congestion and service delays would be persistent and substantial.

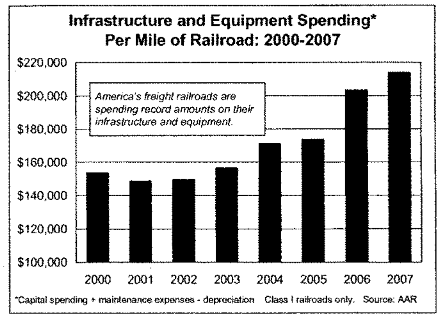
Because the rail system is so interconnected, this outcome would mean that the entire U.S. freight rail system would become, in effect, disabled.

What does this mean? The rail network faces capacity challenges now and could face a capacity crisis in the future if the necessary investments are not made. Looking ahead, as their traffic continues to grow, railroads will increasingly need to concentrate on building new capacity and finding ways to better utilize their existing capacity — while continuing to maintain existing capacity at high standards.

Railroads Are Working on a Variety of Fronts to Increase Capacity

Using creativity, technology, and massive re-investments in track and equipment, freight railroads are working hard every day to help ensure America has the rail capacity it needs.

For example, by the end of 2008, America's freight railroads will have spent approximately $440 billion since 1980 on capital expenditures and maintenance expenses related to their infrastructure and equipment — more than 40 cents out of every revenue dollar. Rail spending for these purposes was higher in 2007 than ever before, and is expected to be about the same in 2008.



The massive investments railroads must make in their systems reflect their extreme capital intensity. Railroads are at or near the top among all U.S. industries in terms of capital intensity. In fact, from 1997 to 2006 (the most recent year for which data are available), the average U.S. manufacturer spent 3 percent of revenue on capital expenditures. The comparable figure for U.S. freight railroads was 17 percent, or more than five times higher.

Capital Expenditures as a % of Revenue for Various U.S. Industries: Avg. 1997-2006

Average all manufacturing	**3%**
Food manufacturing	2%
Petroleum & coal products mfg.	3%
Machinery manufacturing	3%
Motor vehicles & parts mfg.	3%
Wood product mfg.	3%
Fabricated metal product mfg.	3%
Chemicals manufacturing	4%
Plastics & rubber products mfg.	4%
Paper manufacturing	4%
Computer & electr. product mfg.	5%
Nonmetallic mineral product mfg.	5%
Electric utilities	13%
Class I Railroads	**17%**

Note: Utilities are 1999-2006
Source: U.S. Bureau of the Census, AAR, EEI

It's also interesting to note the four largest Class I railroads spend far more on capital outlays and maintenance of track and roadway than the vast majority of state highway agencies spend on their respective highway networks. Only the highway agencies of Texas, Florida, and California spend more on highway capital and maintenance than Union Pacific and BNSF each spend on their networks. CSX and Norfolk Southern are in the top ten compared with all states.

RR Spending on Way & Structures vs. State Highway Agency Spending: 2006 ($ billions)

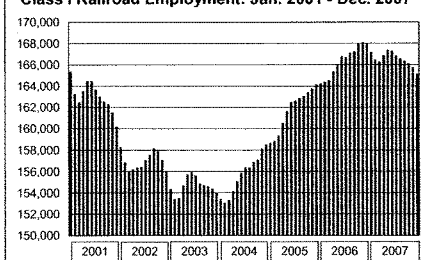
		Total
1.	Texas	$7.57
2.	Florida	$5.69
3.	California	$4.19
	Union Pacific	**$4.17**
	BNSF	**$3.89**
4.	New York	$3.59
5.	Pennsylvania	$3.30
6.	Illinois	$3.30
	CSX	**$2.62**
7.	Michigan	$2.61
8.	North Carolina	$2.48
9.	Ohio	$2.14
	Norfolk Southern	**$2.12**
10.	Georgia	$1.88

Data include capital outlays and maintenance expenses. Sources: FHWA Highway Statistics Table SF-12 and AAR analysis of R-1 annual reports.

Beyond spending heavily on infrastructure and equipment, U.S. freight railroads are taking many other steps to help ensure that the rail capacity America needs will be there.

For example, railroads have hired and trained thousands of new employees. They had 11,000 more employees in December 2007 than in December 2003. Railroads have also added thousands of more powerful locomotives. From 2000 to 2007, the aggregate horsepower of the locomotive fleet rose 31 percent. Finally, railroads are incorporating innovative new technologies to help relieve capacity constraints.

Class I Railroad Employment: Jan. 2001 - Dec. 2007



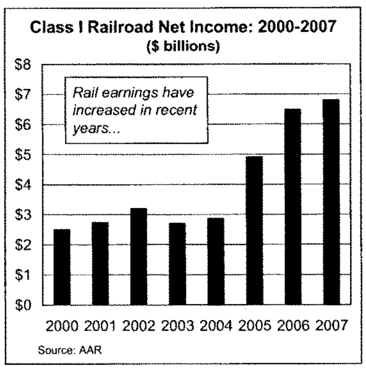
Data are 3-month moving average Source: Surface Transportation Board

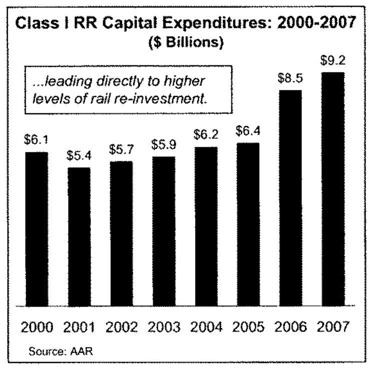
Today's Earnings Pay for Tomorrow's Capacity

As described above, the railroads are working hard to maintain and expand their capacity, including re-investing record amounts of their own funds — more than $440 billion from 1980 to 2008 — back into their systems.

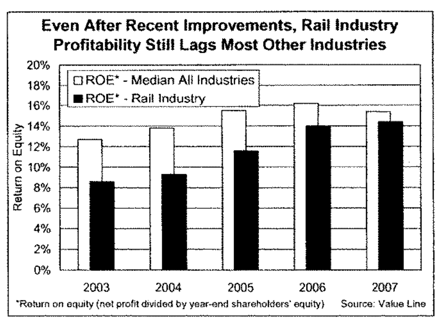
Railroads need adequate earnings to pay for these investments. As the Congressional Budget Office (CBO) has noted, "As demand increases, the railroads' ability to generate profits from which to finance new investments will be critical. Profits are key to increasing capacity because they provide both the incentives and the means to make new investments."[1]

To be sure, railroads in recent years have achieved financial results that are much better than their results since the 1970s. These improved financial results shave translated directly into higher rail spending:





Moreover, recent railroad financial results need to be kept in context. Rail industry profitability has consistently lagged most other industries — and that is still the case today. While recent years may have been the best financial years ever for railroads, they have not been enough to bring railroads even to the mid-point among all industries. Clearly, the need for financial sustainability is as pronounced today as ever.



[1] Congressional Budget Office, *Freight Rail Transportation: Long-Term Issues*, January 2006, p. 11.

Future Rail Investment Needs

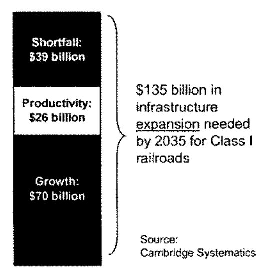
According to the Cambridge Systematics study noted earlier, an investment of $148 billion in 2007 dollars (of which $135 billion is for Class I railroads) will be necessary for rail infrastructure expansion to keep pace with economic growth, meet the DOT's forecast demand, and maintain (but not grow) rail's current market share.

That huge sum is in addition to the hundreds of billions of dollars necessary over this period to maintain and replace existing rail infrastructure, and to maintain and replace locomotives, freight cars, and other equipment.

Railroads will continue to spend huge amounts of their own funds to address the capacity challenge. However, they are, and will continue to be, unable to pay for all of the capacity that would be required to serve all shippers' needs all of the time.

In fact, Class I railroads are anticipated to be able to generate (through earnings growth from the additional traffic and productivity gains) only $96 billion of the $135 billion needed for new capacity identified by the Cambridge Systematics study. That leaves a funding shortfall that could be covered by tax incentives for rail infrastructure investments, public private partnerships, or other means.

$39 Billion Gap Between What Railoads Can Afford and the Capacity We Need



Public Involvement in Freight Rail Infrastructure Investment

Freight railroads will continue to spend massive amounts to improve and maintain their systems. But even with their improved financial performance, funding constraints will likely prevent railroads from meeting optimal future rail infrastructure investment needs entirely on their own. This funding shortfall means that many rail projects that would otherwise expand capacity and improve the ability of our nation's farms, mines, and factories to move their goods to market; speed the flow of international trade; relieve highway congestion; reduce pollution; lower highway costs; save fuel; and enhance safety will be delayed — or never made at all.

It's in America's best interest to ensure that optimal freight railroad capacity enhancements are made. Policymakers can help address the rail capacity funding gap in several ways.

Infrastructure Tax Incentives

One way to help address this challenge while providing a valuable economic stimulus is to approve a 25 percent investment tax credit (ITC) for spending on new railroad track, intermodal facilities, and other projects that expand freight rail capacity. All businesses that make capacity-enhancing investments in railroads — not just railroads themselves — would be eligible for the credit. Under this proposal, other rail capital investments would be expensed.

An ITC for rail infrastructure would mean that many rail projects that would improve the ability of our nation's farms, coal mines, ethanol plants, chemical factories and other firms to move their goods to domestic and global markets would be undertaken much more quickly.

A rough estimate of the budgetary cost of a rail infrastructure ITC is about $300 million per year, but the stimulatory benefit to the economy would be much greater.

In fact, U.S. Department of Commerce data indicate that every dollar of freight-rail infrastructure investment that would be stimulated by investment tax incentives would generate more than three dollars in total economic output because of the investment, purchases, and employment occurring among upstream suppliers. $300 million in additional freight rail capacity investment would result in nearly $1 billion in overall economic stimulus, most of which would begin to occur immediately as upstream suppliers expanded capacity to meet the increased demand for rail projects. All told, each $1 billion of new rail investment induced by the ITC would create an estimated 20,500 jobs nationwide.

The hundreds of firms and tens of thousands of employees in the railway supply industry sell more than $15 billion in supplies and services to freight railroads each year, but uncertainty over future rail investment in an uncertain economy deters further investment by suppliers to increase their own capacity and employment. An ITC would help address that uncertainty.

At the same time, expanded rail capacity would provide major environmental benefits. Because railroads are, on average, three or more times more fuel efficient than trucks, and because greenhouse gas emissions are directly related to fuel consumption, every ton-mile of freight that moves by rail instead of truck reduces greenhouse gas emissions by two-thirds or more — without negatively impacting our economy.

In a January 2008 report, the Congressional Budget Office lists three main criteria for assessing a fiscal stimulus proposal.

First, is it cost effective? The budgetary cost of a rail infrastructure ITC is small compared to the stimulative benefit to the economy.

Second, is it likely to be timely? Highways and other public works projects can take years to plan and begin, and years more to build. Freight rail projects, though, can be started far more quickly, sometimes in a matter of months. Moreover, tax incentives for freight rail infrastructure investment would immediately stimulate additional investment and employment by rail suppliers as they responded to increases in multi-year capital projects by the rail industry.

Third, how certain are the economic effects of the proposal? Virtually no one disputes the need for, and the economic benefits of, transportation capacity expansion. A rail infrastructure ITC would yield immediate, positive economic benefits.

For a railroad considering whether to fund an expansion project, a tax incentive would reduce the cost of the project, raising the likelihood that the project will be economically viable. The incentive would help worthwhile projects get built sooner, but would not be enough to cause economically-unjustified projects to go forward.

Public-Private Partnerships

Public-private partnerships (PPPs) reflect the fact that cooperation is more likely to result in timely, meaningful solutions to transportation problems than a go-it-alone approach. Without a partnership, projects that promise substantial public benefits in addition to private benefits are likely to be delayed or never started at all because it would be too difficult for either side to justify the full investment needed to complete them. In contrast, if a public entity shows it is willing to devote public dollars to a project based upon the public benefits that will accrue, the private entity is much more likely to provide the private dollars (commensurate with private gains) necessary for the project to proceed.

Partnerships are not "subsidies" to railroads. Rather, they acknowledge that private entities should pay for private benefits and public entities should pay for public benefits. In many cases, PPPs only involve the public contributing a portion of the initial investment required to make an expansion project feasible — with the railroad responsible for funding all future maintenance to keep the infrastructure productive and in good repair.

Say No to Re-Regulation.

Re-regulation would prevent railroads from earning enough to make the massive investments a first-class rail system requires. Under reregulation, rail earnings, and therefore rail spending on infrastructure and equipment, would plummet; the industry's existing physical plant would deteriorate; needed new capacity would not be added.

Reduce Unnecessary Regulatory Impediments to Capacity Expansion

Desired rail capacity improvements are, in some cases, prevented, delayed, or made much more expensive by various regulatory and political processes. To be sure, many of these processes are useful and necessary. At other times, though, these processes do not necessarily serve a useful purpose or could be made more efficient.

For example, many rail infrastructure projects undergo detailed environmental reviews to identify the impacts of the projects and determine necessary mitigation measures. Nevertheless, often some members of the affected local communities still oppose the projects, and their opposition tends to be quite vocal and sophisticated.

Railroads will continue to advocate that, when possible, the time required for review processes be shortened without adversely affecting the quality of that result. Until that happens, rail expansion projects will often be delayed unnecessarily. There must be a proper balance between community interests/environmental requirements and the transportation benefits that capacity expansion would bring.

Freight Rail Expansion Would Lead to Enormous Public Benefits

Public participation in freight rail infrastructure expansion projects is justified by the huge and far-reaching public benefits that rail expansion would bring:

- Fuel Efficiency – Railroads are three or more times more fuel efficient than trucks, moving a ton of freight an average of 436 miles per gallon of fuel. If 10 percent of the long-haul freight that moves by truck moved by rail instead, fuel savings would exceed one billion gallons per year.
- Highway Congestion – Highway gridlock already costs the U.S. economy more than $78 billion per year just in wasted fuel and time. But because a typical rail car carries as much freight as three or four trucks, a typical train takes the freight of several hundred trucks off our highways. Freight railroads thus reduce highway gridlock; the costs of maintaining existing highways; and the pressure to build costly new highways.
- Greenhouse Gas Emissions – Every ton-mile of freight that moves by rail instead of trucks reduces greenhouse gas emissions by two-thirds or more. By encouraging greater

use of freight rail, tax incentives offer a way to reduce greenhouse gas emissions without harming the economy.

- Pollution – The EPA estimates that for every ton-mile of freight carried, a train typically emits substantially less nitrogen oxides and particulates than a truck.
- Safety – Fatality rates associated with intercity trucking are four times those associated with freight rail. Railroads also have lower employee injury rates than trucks.

Conclusion

America today has the best freight rail network in the world. Still, it is clear that rail capacity will have to increase as the economy and population expand in the years ahead. Railroads are working hard to ensure that adequate capacity exists to meet our future freight transportation needs. Meanwhile, policymakers can help by instituting targeted tax incentives for projects that expand rail capacity, engaging in more public-private partnerships for freight rail infrastructure projects, and ensuring that the legislative and regulatory structure under which railroads operate is conducive to further investment in rail capacity.

ASSOCIATION OF STATE FLOODPLAIN MANAGERS, INC.
2809 Fish Hatchery Road Suite 204 Madison, Wisconsin 53713
608-274-0123 Fax: 608-274-0696 www.floods.org Email: asfpm@floods.org

Executive Director
Larry A. Larson, P.E., CFM

Deputy Director
George Riedel, CFM

November 7, 2008

Honorable James L. Oberstar
Chairman
House Committee on Transportation and Infrastructure
2165 Rayburn House Office Building
Washington D.C. 20515

Dear Mr. Chairman:

The Association of State Floodplain Managers has prepared written testimony for the record of the Committee's October 29, 2008 hearing on "Investing in Infrastructure: The Road to Recovery". We would appreciate your making our testimony part of the hearing record.

Thank you very much for your consideration of our comments and recommendations.

Sincerely,

Larry Larson, P.E., CFM
ASFPM Executive Director

Al W. Goodman Jr., CFM
ASFPM Chair

Cc: Honorable John Mica
Ranking Minority Member
House Committee on Transportation and Infrastructure

Dedicated to reducing flood losses in the nation.

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Testimony for the Record
on

Investing in Infrastructure: The Road to Recovery

Submitted by
Association of State Floodplain Managers

To the
House Committee on Transportation and Infrastructure

November 7, 2008

The Association of State Floodplain Managers is pleased to join with many other witnesses in supporting investment in the nation's infrastructure as a way to provide economic stimulus, to create and sustain jobs, and to address a national need to repair, and upgrade our infrastructure so it is sustainable in the future. For those familiar with our previous statements this may seem to be a departure from our prior positions that infrastructure investments and maintenance is primarily a non-federal responsibility. In the long term we continue to promote local and state responsibility for these investments but we also recognize the value and the win-win impact these federal investments will have on moving our nation forward through difficult economic times that we have not experienced since the great depression.

We urge all to consider the lessons learned from similar investments of the 1930s so that long term problems are avoided. One such lesson is that infrastructure investment that ignores the creation of threats to life and property from natural hazards continues to undermine investment choices and furthers the dependency of all on Federal tax payer dollars. We are grateful to the Committee for its leadership in exploring the important, sustained role that infrastructure work can play in our economic recovery.

The Association of State Floodplain Managers (ASFPM) and its 27 State Chapters represent over 13,000 state and local officials and other professionals who are engaged in all aspects of floodplain management and hazard mitigation including management, mapping, engineering, planning, community development, hydrology, forecasting, emergency response, water resources and insurance. All ASFPM members are concerned with reducing our nation's flood-related losses. Our state and local officials are the federal government's partners in implementing programs and working to achieve effectiveness in meeting our shared objectives. Many of our members are designated by their governors to coordinate the National Flood Insurance Program (NFIP); many others are involved in the administration of and participation in FEMA's hazard mitigation grant programs; and others are involved in the array of flood mitigation programs/projects made available through the U.S. Army Corps of Engineers (USACE). Additional information about the association is available at: www.floods.org.

The nation has significant and well documented needs for repair, improvement and expansion of many elements of its infrastructure. Due to the nation's current economic situation, unemployment is rising and many economic experts believe that at a minimum another legislative stimulus package is necessary. There seems to be growing interest in federal investment in our nation's infrastructure. In this regard, it is interesting to note the comments of Paul Krugman, winner of this year's Nobel Prize in Economics, in his New York Times column of October 17:

"And this is ... a good time to engage in some serious infrastructure spending, which the country badly needs in any case. The usual argument against public works as economic stimulus is that they take too long: by the time you get around to repairing that bridge and upgrading that rail line, the slump is over and the stimulus isn't needed. Well, that argument has no force now, since the chances that this slump will be over anytime soon are virtually nil. So let's get those projects rolling."

Others have pointed out that such longer term investment in infrastructure can continue to stimulate the economy over a longer period of time and to both create and sustain jobs. This direction seems to 1) hold promise for needed economic stimulus both short and long-term, 2) be likely to create and sustain jobs and 3) to result in tangible products that will fill unmet needs and serve the nation well into the future. It seems that this stimulus will significantly stabilize the economy through this genuine investment in necessary infrastructure improvements.

In addition to the often-mentioned infrastructure needs associated with roads, bridges, transit systems, railways, aviation and flood protection systems, specific focus is also needed in the following areas:

- Drinking water and wastewater utilities: A significant water infrastructure "investment gap" should be addressed;

- Coastal water infrastructure and storm damage reduction structures: These structures are increasingly challenged by age, sea level rise and increasingly frequent and severe storms. Many dams and levees throughout the nation are in states of serious disrepair, compromising their reliability. Improved risk identification must continue as a corollary to needed repairs and improvements.; and

- Green infrastructure systems that absorb storm impacts and increase natural habitats. This includes preservation of natural wetland, bayou and forest habitats adjacent to our coasts and riverine systems. Emphasis should be placed on conservation of existing resources as well as investment in restoration and creation of critical wetlands. Stormwater management facilities such as wet and dry ponds and rain gardens can increase stormwater storage capacity in our urban areas as well as improve water quality.

If the nation is to embark on a major infrastructure effort, ASFPM strongly urges that the following points should be included:

1. Natural hazards mitigation must be built into each infrastructure project so that all infrastructure investment reflects consideration of public safety and property loss reduction both now and for future generations. It is essential to consider hazard mitigation in the design to allow maintenance of critical societal function immediately after a disaster and minimize lengthy repair and replacement processes. Examples would include bridges designed to avoid debris pile-up or highways designed to manage stormwater runoff. Such considerations are not consistently part of project planning despite their obvious benefits for avoidance of unnecessary future damages and losses. A recent study by the National Institute of Building Sciences found that every $1 invested in mitigation yields $4 in future losses avoided;

2. Critical infrastructure (hospitals, water supply, sewage treatment, bridges, key roads, etc) must be protected from natural hazards so they are operable during extreme events. This is especially true for flood events, where protection to the minimal level represented by the 100 year flood elevation is inadequate. A 500 year flood level of protection and operability must be included. All critical facilities must be built to the International Code Council (ICC) code standards whether the local government has adopted such building codes or not. Events during the last three years have clearly illustrated the catastrophic consequences to life and property when these considerations are not included. Local, state and national treasuries have been severely depleted because infrastructure had not been mitigated against flood and coastal hazards;

3. Design all key road systems with bridges and culverts to accommodate water and debris from the 500-year storm to maximize accessibility and operability including during times of extreme events. This is essential to national security and community sustainability;

4. A key element in infrastructure planning is knowledge of the severity of the potential hazard and where the hazard will occur. For that reason the nation must continue to invest in our flood mapping program so we have accurate information on the 100 and 500 year flood levels.

5. Ensure flood proofing and redundancy for critical utility systems, specifically water, electric, sewer, and natural gas; and

6. Emphasize sustainability when rebuilding our infrastructure. If natural hazards, and appropriate hazard events are not taken into account, the nation's taxpayers will repeatedly be rebuilding this infrastructure. There may be instances where it is simply not sustainable to rebuild infrastructure in very high hazard areas and other options such as relocation should be considered. Some provision must be made for ongoing operation and maintenance of infrastructure. Improper or insufficient maintenance has led to many of the current repair needs. We must avoid wasteful repetition of this problem.

In conclusion, the Association of State Floodplain Managers strongly endorses the call for increased investment in this nation's infrastructure to provide much needed economic stimulus in a way that both creates jobs and contributes to our national and economic security by developing, improving and repairing our infrastructure. Dr. Gilbert F. White, a flood policy visionary respected world wide by scientists, policy makers and elected leaders, worked in the Roosevelt administration in the Office of

Budget. During similar deliberations on flood control investments in the 1930's, Gilbert advised President Roosevelt that investments in infrastructure alone without seeking opportunities to more appropriately manage risk to property and people would lead to the creation of more flooding problems. The President recognized the soundness of Gilbert's advice but was under immense pressure to invest in more traditional infrastructure. Gilbert's guidance was prophetic, and we once more are at a point in history where we are debating these very same issues. We strongly support a properly structured stimulus package for infrastructure but we stress that this investment must include hazard mitigation in the design of all critical facilities to ensure that the investment endures over time and is operable during severe weather events, emergencies and disasters.

CALIFORNIA ASSOCIATION of SANITATION AGENCIES

1215 K Street, Suite 2290 • Sacramento, CA 95814 • TEL: (916) 446-0388 – FAX: (916) 231-2141 • www.casaweb.org

October 24, 2008

The Honorable James L. Oberstar, Chairman
Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Oberstar:

As Congress works on crafting an economic stimulus package aimed at jump-starting the nation's sagging economy, I write to express the California Association of Sanitation Agencies' (CASA) support for a stimulus package that includes at least $5 billion to support the backlog of publicly owned treatment works (POTWs) needs. CASA strongly supports the infusion of desperately needed funding into our nation's infrastructure, which at the same time will create jobs and stimulate the economy. We must stress the importance of incorporating wastewater infrastructure assistance into the stimulus package.

We urge that a portion of any assistance provide direct grants to expedite construction activities and avoid loan processing impediments and other delays endemic to the State Revolving Loan program. The extraordinary tightening of credit conditions, extremely difficult conditions in the municipal bond market, and a reduction in local governmental revenues has had a devastating effect on our State and local agencies ability to initiate important water quality improvement projects, as well as implement critical repairs, replacements, and upgrades to our aging wastewater infrastructure. This assistance is essential to ensuring that local agencies can continue to provide the maximum health and environmental protections to our communities.

CASA is a non-profit statewide organization representing the interests of more than 118 special districts, cities and counties that provide wastewater collection, treatment, disposal, and reclamation services to more than 30 million Californians, including POTWs that serve some of the largest communities throughout California, including Los Angeles, San Diego, San Francisco and San Jose. Since 1956, CASA has served as a technical resource for the development of sound public policy to improve our nation's lakes, streams, rivers and coastal waters.

Infrastructure assistance will allow our member agencies to begin construction on projects within 60 days of receiving Federal support. California has $20.5 billion in needs or about 10 percent of the total $202.5 billion in needs identified throughout the nation, according to the Clean Watersheds Needs Survey 2004 Report to Congress. Assistance for ready-to-go wastewater infrastructure projects will also have an immediate and long-lasting impact on local, state and national economies. For every $1 billion invested in clean water infrastructure, 46,000 jobs are generated and thousands of secondary jobs are also created.

We look forward to working with you in the coming weeks and months ahead to provide concrete solutions to stimulate our economy through a strong Federal commitment to clean water infrastructure.

Sincerely,

Harry T. Price

Harry T. Price

BEFORE THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.

Investing in Infrastructure: The Road to Recovery

Testimony of Stephen A. Alterman
President
Cargo Airline Association

October 29, 2008

Good morning. My name is Steve Alterman and I am president of the Cargo Airline Association ("the Association"), the national organization representing the all-cargo segment of the aviation industry.[1] The Association is vitally interested in ensuring that the nation's aviation infrastructure is modernized and we appreciate the opportunity to submit comments on how a stimulus package might advance this goal.

As a practical matter, today's air traffic system is based on ground-based radar – a technology developed in the 1940s. This system simply cannot accommodate current aviation traffic, much less any future growth.[2] As the Federal Aviation Administration has recognized, we must move to a modern, satellite-based, system that will improve safety, as well as operational and environmental efficiency. While the FAA has taken steps in this direction, real movement is held captive to the inability of Congress to enact the wide ranging FAA Reauthorization package envisioned by both H.R. 2881 and S. 1300.[3] Moreover, with the current session of Congress about to come to an end, it appears clear that the entire issue of aviation infrastructure modernization will be left to the 111th Congress.

At the same time, the possibility of a second economic stimulus package that focuses on infrastructure investment presents a unique opportunity. While it is obvious that such legislation cannot be used to enact the entire FAA Reauthorization package, it can provide a badly needed jumpstart in at least one area. Specifically, we urge Congress to consider authorizing and funding two important environmental initiatives – the "continuous lower energy, emissions, and noise" (CLEEN) project and the Commercial Aviation Alternative Fuels Initiative (CAAFI). With a price tag for 2009 of approximately $15 million, these two projects will create new jobs – initially in the

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[1] Air carrier members of the Association are ABX Air, Air Transport International, Atlas Air, Capital Cargo, DHL Express, FedEx Express, Kalitta Air and UPS Airlines.

[2] We recognize that today's economic climate has resulted in a contraction of airline operations, but we must still plan for the inevitable future expansion.

[3] H.R. 2881 was passed by the House of Representatives but the Senate has not finally acted on S. 1300.

research area, but thereafter in the new industries established to meet aviation environmental responsibilities.

Virtually every student of the future of air transportation recognizes that, unless environmental issues are addressed, future infrastructure modernization will be less than successful. Put somewhat differently, it is extremely likely that, absent a proactive program, environmental constraints will limit future operations well before capacity constraints. Therefore, funding foundational environmental programs becomes a necessary component of aviation infrastructure modernization.

The CAAFI and CLEEN programs are designed to address these environmental imperatives. CAAFI is a joint effort by industry and government to "enhance energy security and environmental sustainability for aviation through alternative fuels". The goal is to develop the standards necessary for private industry to use in the production of alternative aviation fuels. Closely related is CLEEN, which will be a government/industry consortium to develop, mature and certify technology that will result in:

- Certifiable aircraft technology that reduces greenhouse gas emissions by increasing fuel efficiency by 25% relative to 1997 subsonic jet aircraft technology.
- Certifiable engine technology that reduces landing and takeoff cycle nitrogen oxide emissions by 50% without increasing other gaseous or particle emissions, over the International Civil Aviation Organization (ICAO) standard adopted in 2004.
- A determination of the feasibility of the use of alternative fuels in aircraft systems, including successful demonstration and quantification of the benefits of such fuels.[4]
- A determination of the extent to which new engine and aircraft technologies may be used to retrofit or re-engine aircraft to increase the integration of retrofitted and re-engined aircraft into the commercial fleet.[5]

The existence of these projects will be a major step forward in ensuring that environmental infrastructure projects in the future will not meet environmental objections. They will also create research and jobs opportunities for the future of air transportation.

Thank you again for the opportunity to submit these comments. If you have any questions, please do not hesitate to contact me.

[4] This provision of CLEEN intersects with the CAAFI initiative described above.
[5] These provisions of CLEEN were included in both the House and Senate reauthorization bills and were universally supported.

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
GOVERNMENT AFFAIRS

1615 H STREET, N.W.
WASHINGTON, D.C. 20062-2000
202/463-5310

October 28, 2008

The Honorable James Oberstar
Chairman
Committee on Transportation
and Infrastructure
U.S. House of Representatives
Washington, DC 20515

The Honorable John Mica
Ranking Member
Committee on Transportation
and Infrastructure
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Oberstar and Ranking Member Mica:

The U.S. Chamber of Commerce, the world's largest business federation representing more than three million business and organizations of all sizes, sectors, and regions, commends you for holding the hearing, "Investing in Infrastructure: The Road to Recovery," regarding transportation infrastructure investment as an economic stimulus.

During these times of significant economic uncertainty, Congress is right to consider the full menu of options available to stimulate job creation and to address economic problems. There is no question that infrastructure investment directly supports jobs or that current investment levels fail to keep pace with the demands of pressing economic, safety, energy and environmental needs. For these reasons, infrastructure investment has been an obvious choice as a key component of a second stimulus package. To ensure such investment meets the ultimate objective of stimulating job creation and economic growth, however, it is of the utmost importance to ensure funding is provided in such a way that it is targeted for near-term projects and can be spent quickly.

As you consider elements to include in a recovery package, the macroeconomic benefits of infrastructure investment should be noted. Fundamentally, the business community depends on a safe and reliable transportation system to remain competitive and efficient. America's transportation system is quite literally the foundation of the economy. Without question, current funding levels are not keeping pace with systemic needs.

The U.S. aviation system is currently facing a capacity crisis and roughly one-third of the nation's major roads are in poor or mediocre condition. U.S. transit systems earned a D+ rating from the American Society of Civil Engineers while public transportation ridership is at its highest level in 50 years, with 10.3 billion trips in 2007. The aging inland waterway lock and dam system is affecting system capacity and reliability – of the 257 locks on the more than

12,000 miles of inland waterways operated by the U.S. Army Corps of Engineers, nearly 50% are functionally obsolete. By 2020, that number will increase to 80%. Ports need to accommodate a near doubling of cargo volumes by 2020, with some ports facing a tripling or quadrupling of container volumes moving across their piers.

The lack of investment across all transportation infrastructure has real consequences. A decaying surface transportation system costs the U.S. economy $78 billion annually in lost time and fuel. Approximately 42,000 people are killed each year on the nation's highways with an estimated 15,000 traffic deaths occurring where substandard road conditions were a factor. The economic cost of vehicle crashes annually is more than $230 billion dollars. By 2050, congestion costs could represent 14 percent of national GDP, up from 1.5 percent of GDP in 2003. Americans in urban areas wasted 2.9 billion gallons of fuel, enough to fill 58 supertankers in 2005. As congestion grows, thousands of tons of pollution are pumped into the air every day – the transportation sector already accounts for about one-third of all U.S. carbon dioxide emissions.

Conversely, investment in infrastructure has demonstrated clear economic benefits. Each dollar invested in highway construction generates $1.80 of Gross Domestic Product in the short term, according to Standard & Poor's DRI and every dollar taxpayers invest in public transportation generates about $6 in economic returns, reports Cambridge Systematics. According to the Department of Transportation, each $1 billion in federal highway investment accompanied by the state match supports 34,779 jobs.

In today's uncertain economic environment, the Chamber urges Congress to consider the full range of innovative options it has at it disposal, including infrastructure investment, to stimulate job creation and economic growth and thanks you for your leadership in holding this important hearing. The Chamber looks forward to working with you on this and other ways to address the current economic problems.

Sincerely,

R. Bruce Josten

R. Bruce Josten

Cc: The Members of the Committee on Transportation and Infrastructure

Community Transportation Association

October 28, 2008

Rep. John Mica
United States House of Representatives
2313 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Mica:

The Community Transportation Association of America, and its more than 4,000 members across the country, very much appreciates the opportunity to provide a letter of support for including transportation funding in the economic stimulus bill to be considered by Congress after the election. More specifically, we write to support the inclusion of investment in HR 7110 for rural public transit operators (Section 5311).

Rural transit is an economic stimulus engine. Every dollar invested in rural transit creates at least $4 in local economic development. More than anything else, rural public transportation operators are in dire need of rolling stock investment — and investment in new vehicles will have a significant impact on economic development around the nation. Rural transit fleets are typically based on smaller vehicles, that utilize chassis from American manufactures like General Motors, Ford and Chrysler. The body of the vehicle is typically built by smaller bus manufacturers, who also install accessibility equipment like lifts or ramps, and add communications equipment and a number of other domestically built products like heating and air conditioning systems. Investment in rural vehicles will therefore generate business for our major automobile manufacturers and hundreds suppliers as well as the smaller firms who build the rest of the vehicles and will help thousands of people remain at work in both rural and urban areas.

Another key factor in purchasing vehicles is fuel efficiency. A large investment in the rural transit fleet will allow rural transit agencies an opportunity to acquire the most fuel-efficient vehicles now available. As we have communicated to the T&I Committee on several previous occasions, the age of the rural fleet forces rural operators to pay more for fuel than those with newer equipment.

Finally, infrastructure investment in rural transit would certainly result in the building of operations and maintenance facilities in rural communities — extending the reach of this investment into the local construction industry where it is badly needed.

Once again, thank you for this important opportunity to express our views and to go on the record in support of your efforts on behalf of all public transportation and more specifically on behalf of the nation's 1,500 rural public transit operators. If I can answer any further questions, do not hesitate to contact me directly at 202.247.1921.

Sincerely,

Dale J. Marsico, CCTM
Executive Director

Delta Regional Authority

Office of the Federal Co-Chairman

October 29, 2008

The Honorable John L. Mica
U.S. House of Representatives
2313 Rayburn House Office Building
Washington, DC 20515

Dear Representative Mica:

Thank you for the opportunity to better acquaint you with the Delta Regional Authority (DRA) and its records of both infrastructure investment and return. Specifically, I want to briefly explain three key aspects of the Authority:

1. The overall infrastructure investment record,
2. The "Delta Development Highway System" plan, and
3. The "DRA's Multimodal Transportation Assets, Needs and Recommendations" report (SAFETEA-LU-Section 1923).

Overall Infrastructure Investment Record

The DRA was created by Congress in 2000 as a regional economic development authority and was granted an extremely important directive: funds appropriated to the Authority lose their federalism, so that DRA can be the state and/or local match, while maintaining the intended federal match integrity. Additionally, almost all of the Authority's investments are predicated on job creation/retention. In other words, DRA requires its grantees to produce the jobs promised or return the pro-rata share of the grant to cover the jobs shortfall.

It is within that context that during our first six grant cycles, the Authority has invested into 385 projects with $56.0 million of our appropriations, which in turn has leveraged (matched) more than $278.0 million of other government funding. Between these two complementing government supports, DRA is also helping to attract about $1.2 billion of private-sector investment into the region, creating a 26.7 to 1 overall investment ration. In other words, DRA funds have attracted some $1.48 billion in additional government and private investment.

What America gets in return is quite impressive, as DRA is the nexus in its region for:

- 32,000 jobs being created and retained,
- 24,000 families being connected to clean water and/or working sewer, and

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- More than 6,000 people being trained to accept jobs in their area.

For more information, please go to http://dra.gov/state-grant-funding/.

"Delta Development Highway System" Plan

In April 2007, the Authority released its "Delta Development Highway System" (DDHS) plan; a plan endorsed by each Department of Transportation in our region. The Authority's plan calls for a 20-year schedule to complete 3,843 miles of improved highway facilities in our region, and each corridor and project has been identified. This program, however, is much more than mileage: it is about permanent jobs and permanent increases in the region's personal income. Our economic analysis summarized below is an almost 19% annual return on investment when the DDHS is completed:

Benefits: Increased Travel Efficiency	$ 1.1 Billion in Personal Income
Benefits: Increased Economic Development	$ 2.4 Billion in Personal Income
Total Economic Benefit	$ 3.5 Billion in Personal Income
Employment: Full-Time Equivalent/Permanent	130,000 jobs
Employment: Construction-Related/Temporary	104,000 jobs

For more information, please go to http://dra.gov/programs/transportation/.

"Multimodal Transportation Assets, Needs and Recommendations" Report

In Section 1923 of SAFETEA-LU, the Authority was directed by Congress to "conduct a comprehensive study of transportation assets and needs for all modes of transportation (including passenger and freight transportation) in the 8 States comprising the Delta region." We presented that report as directed – on schedule and under budget – July 18, 2008 to the House Transportation and Infrastructure Committee, the Senate Environment and Public Works Committee and the Secretary of Transportation.

In short, through our work with local development districts, state departments of transportation and the almost 600 participants in our 17 meetings held throughout the region, we collectively produced a taxonomy of the region's assets and needs. Additionally, we produced recommendations, which are summarized below:

Aviation	$ 1.5 Billion
Highways and Bridges	$ 191.2 Billion
Intelligent Transportation Systems	$ 0.4 Billion
Rail (Short-line, Amtrak and Transit)	$ 5.4 Billion
Waterways (Public Ports and Locks)	$ 4.1 Billion
Total	$ 202.6 Billion

For more information, please go to http://dra.gov/programs/multimodal-transportation/.

Again, Congressman Mica, I am grateful for this opportunity to present these DRA initiatives to you, and if I can be of help, please do not hesitate to call me.

Sincerely,

Pete Johnson
Federal Co-Chairman

PJ:bt:ps

HORIZON LINES

Charles G. Raymond
Chairman

October 31, 2008

The Honorable James L. Oberstar, Chairman
Committee on Transportation and Infrastructure
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

As the Congress considers economic recovery/stimulus legislation, Horizon Lines strongly supports including in such legislation an exemption from the Harbor Maintenance Tax (HMT) for carriage of domestic and Great Lakes non-bulk cargo.

Horizon Lines is the nation's leading Jones Act container shipping and integrated logistics company, operating 21 U.S.-flag vessels on routes linking the continental United States with Alaska, Hawaii, Guam, and Puerto Rico. All Horizon Lines vessels are U.S. citizen owned and crewed. Most of Horizon's vessels are Jones Act qualified.

Horizon Lines is in broad agreement with the statement presented by the Coastwise Coalition at the Committee's hearing of October 29, 2008 regarding economic recovery; that statement similarly called for an exemption from the Harbor Maintenance Tax (HMT) for carriage of domestic and Great Lakes non-bulk cargo.

Let us briefly outline the many reasons why Congress should pass such legislation.

Congestion is the rule not the exception on many major U.S. land routes and in most metropolitan areas of the country. Greater use of marine transportation on domestic ocean and water routes and on the Great Lakes can relieve the increasing demands on the nation's major highways and the rail system by providing new routings for cargo.

Increasing domestic coastwise and inland shipping services would stimulate job creation in the maritime industry while providing cargo owners, transportation intermediaries, trucks, and rail carriers a safe, reliable, and cost competitive transportation option. Further, the use of the marine highway alternative improves the nation's energy efficiency, reduces the environmental impact of goods movement, and reduces stress on corridor communities.

To achieve these and other short and long-term benefits, Congress should promptly enact legislation that would exempt carriage of non-bulk domestic and Great Lakes cargo from the HMT.

Horizon Lines • 4064 Colony Road • Suite 200 • Charlotte, NC 28211 • 704.973.7006 • Fax 704.973.7008 • www.horizonlines.com

The HMT is an ad valorem charge—0.125 percent—on international cargo entering this country and on domestic cargo moving between U.S. ports. The tax, which is paid by the cargo owner, discourages the use of marine transportation by intermodal cargo in several ways.

First, at a time when cost reduction is an imperative for shippers, the charge itself can be a major barrier. It is a charge not imposed on land transportation moves. Second, there is an administrative barrier. This charge is paid by the shipper, not by the carrier – creating new work for the shipper not associated with a land move. So, if an international containership operator wanted to consider routing import cargo from the entry port in the U.S. to its ultimate U.S. destination via a coastal shuttle, new charges and customer paperwork would apply that do not apply if land carriers were used. Further, in this context, where the import cargo is already assessed the HMT for the transportation to the entry port in the U.S., using the marine highway can result in the cargo having to pay the HMT twice. This is the case even though the coastal vessel has a far shallower draft than the importing vessel. The harbors are being dredged to maintain depth principally for the large transoceanic vessels. The shallower vessel is not causing the need for the dredging that is paid for by the proceeds of the HMT.

With these barriers created by the HMT, there is no question that this tax is a major barrier to our company's ability to develop these coastal maritime services.

Because of these barriers, such marine services, particularly larger ones, have had difficulty being developed at all. As a result, the impact on the Treasury enactment of an HMT exemption for the carriage of non-bulk domestic and Great Lakes cargo (including cargo carried on rolling stock such as trucks, trailers and rail cars, as well as cargo in containers or in the form of vehicles) may well be deminimis. Rep. Cummings has indicated that the cost to the Treasury would be very small.

In summary, there is an opportunity for innovative, new maritime service that would:

- ease landside congestion;
- ease the need to construct new, expensive landside capacity;
- utilize an energy efficient, less polluting mode;
- stimulate shipbuilding, with the associated jobs;
- create U.S. citizen maritime jobs, strengthening the active base of U.S.-flag vessels and mariners for national defense; and,
- according to Rep. Cummings, involve very little cost to the Treasury.

The merits are compelling, short and long term.

Accordingly, we strongly urge the Committee and the Congress to promptly enact legislation to exempt carriage of domestic and Great Lakes non-bulk cargo from the Harbor Maintenance Tax.

We thank the Committee for its consideration of our views and we respectfully request that this letter be included in the record of the Committee's hearing of October 29, 2008.

Respectfully submitted,

Intelligent Transportation
Society of America
1100 17th Street, NW, Suite 1200
Washington, DC 20036

PH 202.484.4847
FX 202.484.3483

www.itsa.org

ITS AMERICA

Written Statement for the Record
Scott Belcher, President and CEO
Intelligent Transportation Society of America
For the October 29, 2008 hearing before the
U.S. House of Representatives
Committee on Transportation and Infrastructure
Investing in Infrastructure: The Road to Recovery

Chairman Oberstar, Ranking Member Mica, and distinguished members of the Committee, thank you for the opportunity to submit this testimony on behalf of the Intelligent Transportation Society of America and its nearly 500 public, private sector, and academic institution members. We applaud the Committee's examination of how infrastructure investment can create near-term jobs while also stimulating long-term growth for our nation's ailing economy.

Infrastructure investment is crucial to any economic stimulus package and the integration of Intelligent Transportation Systems (ITS) and technology solutions into this infrastructure investment is absolutely vital for these projects to achieve the greatest positive impact on job creation and economic recovery.

Nearly every state and municipality in the country has "ready-to-go" projects that only require funding to get started. In order to maximize the economic benefits of these investments, Congress should fund ITS technology applications and strongly encourage ITS solutions to be considered as part of any transportation infrastructure project. In addition to providing immediate economic stimulus and creating high-tech jobs, investment in ITS will provide long-term benefits by improving the performance of our nation's infrastructure and enhancing productivity for workers, businesses and the economy.

Many forward-looking transportation agencies are already using ITS effectively to reduce traffic congestion and its nearly $200 billion estimated impact on economic productivity and the environment – $78 billion a year wasted in travel delays alone. Examples of effective ITS applications include active traffic management and monitoring systems, real-time traffic and transit information, advanced navigational systems, intelligent intersections with traffic signal prioritization, smart parking facilities, open road tolling systems, ramp metering, and weigh-in-motion truck inspections. These and other ITS technologies can greatly improve productivity by helping people and goods move from their origin to destination efficiently and on time.

ITS technologies are also being installed in vehicles and the transportation infrastructure to help drivers avoid accidents and improve incident and emergency response. These technologies are available today and were demonstrated on the streets of downtown Manhattan last month during the 15th World Congress on ITS, where major automakers showcased vehicles equipped with the latest dedicated short-range communications (DSRC)-based technologies that prevent collisions before they happen. The accelerated deployment of these systems could dramatically reduce the $230 billion in economic losses caused each year by traffic accidents, as well as the human suffering resulting from roughly 42,000 annual traffic fatalities and 2.6 million injuries.

One example of a high-impact infrastructure investment that would yield short- and long-term economic benefits while greatly improving public safety, mobility, and the environment is the installation of "intelligent" traffic lights at signalized intersections. By upgrading aging signals with traffic lights equipped with DSRC and other telecommunications capabilities, Congress can immediately reduce traffic congestion and emissions while improving productivity.

According to the U.S. Department of Transportation's (DOT) ITS Benefits, Costs, Deployment, and Lessons Learned 2008 Update, traffic signal coordination is already reducing the number of vehicle stops by anywhere from 16 percent in Syracuse, New York, and 39 percent in Richmond, Virginia, to 77 percent in Gainesville, Florida. By reducing traffic congestion and unnecessary idling, the study found that vehicle emissions can be reduced by up to 22 percent simply by using optimized signal timing. This relatively low-cost solution – estimated costs per signal update range from $2,500 to $3,100 according to the U.S. DOT – would have an even greater economic and environmental impact when coupled with other congestion-reducing ITS applications like electronic payment and pricing systems, ramp metering, real-time traveler information, and active traffic management.

In addition to the immediate productivity benefits of "intelligent" traffic signals, the installation of DSRC capability at signalized intersections will enable the initial deployment of a nationwide Vehicle Infrastructure Integration (VII) network that will provide real-time communication between vehicles, the roadway, first responders, and traffic management centers.

Successful VII test networks, already operating on streets and highways in California, New York and Michigan, will save lives, time, money, and sustain the environment by enabling collision avoidance technologies, in-vehicle safety warnings based on real-time roadway, traffic and weather data, active traffic management and emergency response capabilities, advanced navigational systems, multimodal traveler information, e-commerce, and many other transportation and consumer applications.

The VII network and other ITS technologies also provide agencies with the ability to collect the real-time traffic data needed to measure and improve the performance of the transportation system. Simply by collecting accurate traffic data, ITS applications can help transportation agencies make more informed infrastructure investment decisions, quantify the improvements made by such investments, and effectively manage new projects once they are built. This will ensure that current and future projects are implemented as effectively and efficiently as possible.

Investing in ITS will stimulate job creation across multiple sectors, including green jobs, high-tech, automotive, IT, consumer electronics, manufacturing, and many related industries. The benefits of ITS implementation – less congestion, fewer accidents, improved mobility, and reduced energy consumption and emissions – all lead to increased productivity, a more efficient and environmentally friendly transportation system, and a stronger, more globally competitive economy for American workers and businesses.

Mr. Chairman, the challenges we as a nation face are staggering. A strong economic stimulus package that makes a commitment to "intelligent" infrastructure investment will not only put us closer to fixing our economy, but will enhance the quality of life for our citizens, the productivity of our workers, and the health of our environment. This is an opportunity we cannot afford to miss.

Thank you for the opportunity to provide testimony on this important topic. I would be pleased to provide any additional information or data that may be helpful to the Committee.

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Investing in Infrastructure: The Road to Recovery

Committee on Transportation and Infrastructure Hearing
October 29, 2008
2167 Rayburn House Office Building

Thank you Chairman Oberstar, Ranking Member Mica and Members of the House Committee on Transportation and Infrastructure for holding this hearing on the importance of infrastructure investment for job creation and for allowing me to submit testimony for the hearing record. My name is Kevin Shafer, Executive Director of the Milwaukee Metropolitan Sewerage District or MMSD. I also serve on the Board of the National Association of Clean Water Agencies (NACWA), although today I am primarily representing the users of the Greater Milwaukee wastewater infrastructure system.

MMSD's mission is "To cost-effectively protect public health and the environment, prevent pollution and enhance the quality of area waterways." The Milwaukee Metropolitan Sewerage District is a state-chartered, government agency providing wastewater services for 28 municipalities. The District's 420-square-mile service area includes all cities and villages, (except the City of South Milwaukee), within Milwaukee County and all or part of 10 municipalities in the surrounding counties of Ozaukee, Washington, Waukesha and Racine. Wastewater is conveyed to the Jones Island and South Shore wastewater treatment plants by a 2,200-mile system of collector sewers and a 310-mile system of intercepting and main sewers. The two treatment facilities collect and treat more than 200 million gallons of wastewater each day, returning clean, clear water to Lake Michigan. In addition to providing wastewater services, MMSD, in conjunction with area stakeholder groups, plans and oversees projects to reduce the risk of flooding in six Milwaukee-area watercourses in order to protect its sewer infrastructure. Other MMSD functions include water quality research and laboratory services, operating pharmaceutical, household hazardous waste and mercury collection programs, and involvement in various environmental partnerships. We provide our services to approximately one million residents in the Greater Milwaukee region.

Like many American cities, MMSD is constantly upgrading and replacing infrastructure that is between 50 and over 100 years old and we must improve our region's ability to reduce point and non-point pollution from stormwater runoff. Our customers have invested $4 billion dollars in recent years to protect Lake Michigan and public health with clean water infrastructure. Without federal support, users of our region's wastewater infrastructure face some of the highest wastewater treatment fees in the country due to the necessity of replacing this aging system and upgrading our stormwater and sanitary sewers. Replacement of our central metropolitan interceptor sewer alone is a $300 million project. However, this is only a small fraction of the investments we need to make in order to reduce regional flooding and to improve water quality, particularly in Lake Michigan. MMSD's 20 year planning process has identified $2 billion in investment needs over the next 15 years.

Federal investment in infrastructure allows us to more effectively carry out our mission, to more rapidly implement water quality improvement goals, and to create jobs. MMSD has developed a projects list containing approximately $90 million in high priority projects that can be implemented within 90 days of receiving federal grant funds. Attached to this testimony and for the record is MMSD's "ready-to-go" projects list. These projects represent just a small number of the large-scale projects nationally that are "ready-to-go." NACWA has recommended an investment of $10 billion in the Economic Stimulus package to spur investments in clean water infrastructure and to create jobs. MMSD's initiatives could be advanced using this type of investment.

I would like to express my concern about one aspect of the Economic Stimulus bill, which are the mechanisms that will be used to advance these large-scale infrastructure projects. In particular, funds for municipal wastewater and stormwater infrastructure flow through either the EPA State and Tribal Assistance Grants program or the Army Corps' Flood Control and Water Resources programs. I am deeply concerned that unless funds are directed at specific projects, these funds will take months and possibly years to clear bureaucratic hurdles and will not achieve the dual objectives of improving water quality and creating jobs in the near term.

Specifically, the House Economic Stimulus bill, H.R. 7110, proposes an additional $5 billion in funds for the Army Corps Flood Control and Water Resources Programs and another $6.5 billion for the Clean Water State Revolving Loan Funds. MMSD either currently utilizes or has applied for these resources in recent months and years. Administrative burdens, such as waiting for Corps' oversight studies, or seeking approval by State environmental protection agencies, can delay projects for extensive periods of time despite the fact that these projects have been approved and vetted locally.

In many instances, the local water or wastewater agency has already performed all of the requirements for "ready-to-go" projects. We have conducted our own feasibility, preliminary engineering and design work and we are generally able to advance projects as long as they are entirely locally financed. The problem of course is that local resources are highly constrained so we are limited in our progress based on what users of our 50 to 100 year old system can afford.

For this reason, I urge Congress to either direct funds to an approved list of "ready-to-go" projects, or alternatively, to establish a streamlined process that will require the federal oversight agencies, EPA and the Army Corps, to immediately provide federal funding resources to the local projects without the traditional oversight reviews. The burden should be on municipal or regional water and wastewater infrastructure agencies to demonstrate that a project is "ready-to-go" based on approval by local government entities rather than on the federal agencies.

I am convinced that only through these alternative mechanisms will Congress see job creating activity within 3 months to 6 months. I urge the committee to consider this concern and review procedures for the release of this economic stimulus assistance.

While I support recapitalizing the Clean Water State Revolving Loan Fund, the Drinking Water Revolving Loan Fund, and increasing funding availability for ongoing Army Corps Flood Control and Water Resources projects, I am deeply concerned that the economic stimulus bill will only be successful if mechanisms are established to ensure the rapid processing of these funds to local agencies. I would be pleased to work with the committee to help establish procedures that ensure the rapid release of this federal assistance.

I appreciate the committee allowing me to offer this testimony for the record. I look forward to being able to implement these water quality objectives to more rapidly create jobs and to help do our part to grow the economy.

Thank you.

Milwaukee Metropolitan Sewerage District

Upcoming Project Construction Projects

	Plants	Bid Advertise Date	Bid Due Date	Approximate Construction Cost (Million $)
S06011C01	SS LCUS/Polymer Panels, S06011	22-Sep-08	24-Oct-08	$2.00
S06006C01	SS Masonry Restoration, S06006	10-Dec-08	14-Jan-09	$1.60
J01003C01	Inline PS (Cone Valve Isolations), J01003	5-Jan-09	6-Feb-09	$0.50
S02005C01	SS Secondary Clarifiers, S02005	8-Jan-09	18-Feb-09	$13.00
J01008C01	JI Primary Clarifier Mechanisms, J01008	22-Jan-09	4-Mar-09	$4.50
J04022C01	JI Fuel Oil Pump Building, J04022	26-Jan-09	26-Feb-09	$0.15
J02007C01	JI Secondary Clarifiers. J02007	24-Feb-09	2-Apr-09	$10.80
S06013C01	SS Effluent Pumping, HVAC,Sluice Gates, S06013	6-Apr-09	7-May-09	$3.50
J06034C01	IPS Head Tank Wall Extensions, J06034	7-Apr-09	8-May-09	$0.50
J01006C01	JI Preliminary Treatment, J01006	15-Jun-09	14-Aug-09	$22.00
P02001	Landfill Gas Pipeline		1-Feb-09	$20.00
	Watercourse			
M03030C01	Milwaukee Green Roof Initiative	1-Feb-09	2-Mar-09	$2.00
	Conveyance			
C07011C01	Rehab/Replace St.Paul/Emmmber/Mt. Vernon	15-Oct-08	12-Nov-08	$6.00
K01008C01	SCADA Back-up Communication Sys.	4-Dec-08	7-Jan-09	$0.20
C05043C01	Pt. Washington Rd Pumpstation Forcemain	TBD	TBD	$1.40
C06013C01	Basin B DWF Pressure Sewer	28-Jan-09	26-Feb-09	$3.50
C98041C01	Conveyance Pump Stations Upgrade Phase 2	15-Jan-09	20-Feb-09	$2.00

$93.65

Testimony of the

National Association of Clean Water Agencies (NACWA)

October 29, 2008

House Committee on Transportation and Infrastructure

Hearing Entitled *Investing in Infrastructure: the Road to Recovery*

The National Association of Clean Water Agencies (NACWA) represents the interests of the Nation's public wastewater treatment utilities that serve the vast majority of Americans and collectively treat and reclaim over eighteen billion gallons of wastewater every day. NACWA applauds the timeliness of the committee's aptly titled *Investing in Infrastructure: the Road to Recovery* hearing and its focus on the important role infrastructure investment, including in our wastewater systems, should play in helping to revive the nation's economy. NACWA strongly encourages the House and Senate to move forward with an economic stimulus package that includes funding for wastewater infrastructure projects as soon as possible.

Expedited passage of an infrastructure-based stimulus bill is even more critical as information mounts regarding the severe impacts of the economic downturn on the Nation's municipalities. Communities across the country have been forced to halt much-needed infrastructure projects that support the economy, create jobs, and ensure public health and the environment. Increasingly, municipal treatment plants are unable to access the bond market, are having the variable rates on their short-term debt rise to unprecedented levels, halting the vital work needed to upgrade, and even maintain, their vital infrastructure networks.

Even before the economic downturn, municipalities were on their own in meeting the growing funding gap. Municipalities were paying more than $60 billion per year to upgrade their clean and safe water infrastructure systems, while the federal government has reduced its contribution to the Clean Water State Revolving Fund (CWSRF) to $650 million, the lowest level since passage of the Clean Water Act. Municipalities have, meanwhile, been raising their wastewater treatment service charges at double the rate of inflation and will continue to do their part to address the funding gap at the local level via rate increases. At the same time, the cost of labor, material, and expertise have risen to the point where significantly less work can be accomplished with each project dollar. Add to this picture the current financial crisis and you have a perfect storm at the municipal level and an urgent need for federal action.

Although the nation's focus recently has been almost entirely on the economy, it is important to note that October 18 marked the 36th anniversary of the Clean Water Act. Despite the tremendous progress made under this landmark legislation, the Transportation & Infrastructure Committee's majority report, *Stagnant Waters: The Legacy of the Bush Administration on the Clean Water Act*, noted that the quality of the Nation's waters have started to decline over the past several years – a trend that will only continue absent a true federal-state-local investment partnership in the Nation's clean water infrastructure system. Providing for a significant investment in these systems in the stimulus bill will signal not only a commitment to the nation's economy and to creating new jobs (approximately 47,000 per $1 billion invested) but also a re-commitment to putting the nation solidly back on track to meet the vital objectives of the Clean Water Act.

The recent House-passed stimulus package (H.R. 7110) included $6.5 billion for wastewater infrastructure projects via the CWSRF – an important step forward on this issue that NACWA applauds. Under this program, however, the Administrator of the U.S. Environmental Protection Agency (EPA) has the discretion to use only 1.5% of these funds (approximately $100 million) in the form of grants. While the inclusion of this overall funding is vital, NACWA believes that, as the House and Senate contemplate an even larger stimulus package to be taken up either during the lame-duck session or after the election, there should be additional funds made available for the nation's clean water community, and a larger percentage should be made available in the form of grants and negative interest loans. Additionally, when considering the prioritization for the distribution of these funds, states should look closely at each community's specific economic situation and circumstances.

Furthermore, the need for increased investment in clean and safe water infrastructure is a matter of consensus. Reports from the Government Accountability Office (GAO), the Congressional Budget Office (CBO), EPA, and the Water Infrastructure Network (WIN), all estimate the water and wastewater infrastructure needs of this Nation at a staggering $300-500 billion over the next 20 years.

NACWA's own recent survey, enclosed with this letter, shows that NACWA members alone have identified nearly $3 billion in ready-to-go infrastructure projects. Based on these responses, NACWA estimates that there are at least $10 billion in ready-to-go projects when extrapolated to the 16,000 treatment plants across the country. This $10 billion figure has been bolstered by recent ready-to-go project lists put together by organizations, such as the Association of State and Interstate Water Pollution Control Administrators, the Environmental Council of States, and the Council of Infrastructure Financing Authorities.

In line with these compelling data, NACWA recommends that the House bill's $6.5 billion figure should be increased to $10 billion in the upcoming stimulus bill and that a more significant grant and negative interest loan component be added in order to make the funds more useful to communities that have been hit hard by the economic downturn.

Again, each $1 billion invested in clean water infrastructure generates tens of thousands of jobs. As such, the recommended $10 billion investment in water infrastructure would create over 400,000 solid, much-needed new jobs.

Inclusion of clean water infrastructure investment in the second stimulus package would not only help lessen the impacts of the immediate economic crisis, but it would also be a significant step toward re-establishing a long-term local-state-federal partnership. NACWA greatly appreciates the leadership of the Transportation and Infrastructure Committee's work to consider clean water trust fund legislation in the 111th Congress and its work to introduce and pass by a veto-proof margin in the House the *Water Quality Financing Act of 2007* (H.R. 720), which would provide $14 billion for the CWSRF.

Again, NACWA applauds your leadership in seeking to ensure that our Nation's critical wastewater treatment infrastructure is an integral part of the stimulus package and looks forward to working with you to ensure that this critical objective is achieved.

NACWA List of Ready-to-Go Wastewater Infrastructure Projects

City	State	Ready-To-Go Projects	Dollars (In Millions)
Anchorage	Alaska	Eagle River Wastewater Treatment Facility Disinfection; Apslund Wastewater Treatment Facility Process Improvements; SCADA (Supervisory Control and Data Acquisition); Sewer C-5-A King- Rovenna Sewer R&R; C-5-1 North Campbell Lake Sewer Upgrade	$42.20
Rogers	Arkansas	Interceptor Sewers and new 3.6MGD Wastewater Treatment Plant	$70
Contra Costa County	California	Wastewater Construction	$15
Mather	California	Septic Conversion Projects	$18.38
Orange County	California	Carbon Canyon Dam, Sewer and Pump Station Abandonment and Rehabilitation of Westside Pump Station and Headworks Rehabilitation; Refurbishment and Bitter Point Force Main Rehabilitation and Central Generation Automation; Cable Tray Improvements at Plants 1,2, and Coast Trunk Sewer Rehabilitation of Bitter Point Pump Station	$109.52
Pueblo	Colorado	Wastewater Related Projects Ready-to-Go in 90 Days and Ammonia Removal Facilities	$19.37
Washington	District of Columbia	Rehabilitation, Improvements, Inspection and Cleaning of Facilities	$109.61
Escambia County-Emerald Coast Utility Authority	Florida	Perdido Key Gravity Sewer System; Main Street WWTP Replacement	$147.30

		Project; Inflow & Infiltration (I&I) Reduction; Montclair Lift Station Flow Diversion	
Downer's Grove	Illinois	Hobson Road Lift Station Expansion for SSO Control & I/I Removal; Sewer Rehabilitation Projects for SSO Control	$2.80
Peoria	Illinois	Allen Road to Wilhelm Road Sewer Interconnection; Fargo Run Trunk Sewer Extension and Treatment Plant Building Renovation; Digester Boiler Replacement and Equipment Replacement	$7.80
Urbana	Illinois	Northeast Treatment Plant Disinfection Conversion Project (to eliminate Chlorine gas); Nitrification Tower Structural Repair; Cogeneration Heat Exchanger Replacement; Southwest Plant Boiler Replacement; FY 09 Interceptor Sewer Rehabilitation Project	$3.84
Wheaton	Illinois	Interceptor Sewer Replacement; Preliminary and Primary Treatment Improvements; Aeration Tank Improvements	$17.30
Indianapolis	Indiana	Three Combined Sewer Overflow Abatement Projects: Construction of a 6.5-mile long tunnel; Two Projects to Increase Wet Weather Treatment Capacity at the City's Belmont Advanced Wastewater Treatment Plant; Twelve Septic Tank Elimination Projects; Two Sanitary Sewer Rehabilitation Projects	$250

Ames	Iowa	Water Plant 17,000lf of 30" Pipeline for a Raw Master Transmission Improvement; Booster Pump Station Redundant Electrical Feed; Conceptual Design for Plant Expansion; Water Pollution Control Pump Station HVAC Renovations; Clarifier Painting; Vertical Turbine Pump Replacement; Disinfection Installation	$7.56
Johnson County	Kansas	Low Pressure Sewers & Gravity Interceptor; Plant Upgrade & Plant Rehab and Repair; Pump Station Rehabilitation and Repair; Sewer Rehab and Repair; Sewer Capacity Improvement	$21.05
Olathe	Kansas	Low Pressure Sewers, Gravity Interceptor; Plant Upgrade; Plant Rehab and Repair; Pump Station Rehab and Repair; Sewer Capacity Improvement; Sewer Rehab and Repair	$21.06
Ft. Wright	Kentucky	Western Regional Water Reclamation Facility and Western Regional Conveyance Tunnel to Western Regional Water Reclamation Facility	$188.32
City of Gretna	Louisiana	Wastewater Treatment Plant Upgrade	$3
City of Kenner	Louisiana	Pumping Stations and Force Mains	$5
New Orleans	Louisiana	Restoration of Facilities	$20
St. John the Baptist Parish (County)	Louisiana	4 MGD Wastewater Treatment Plant	$20

Kansas City	Missouri	White Aloe Pump Station Improvements; Second Creek Interceptor Sewer; Fairlane Relief Sewer (Phase II; East Bannister Interceptor; Sewer Backup Program; Brookside Sewer Line Modification); Birchwood Pump Station Upgrade; Turkey Creek Pump Station Improvements	$36.75
St. Louis	Missouri	Combined Sewer Overflow (11 projects); Sanitary Sewer Overflow (28 projects) and Treatment Plant Projects (3 projects)	$131.67
Erie County	New York	Replacement of the Lake Street and Point Breeze Pumping Stations and Force Mains and Construction of a Diversion Chamber at the Big Sister Creek WWTP; Rehabilitation and Replacement of Sanitary Sewers in the Village of Blasdell and Town of Hamburg; Replacement of the Commerce Drive Pumping Station	$15.85
Woodbury	New York	TMDL Nutrient Removal Project for the Port Washington Water Pollution Control Plant	$30
Asheville	North Carolina	Lenox Street, Greeley St. USR, Rogers place; Alta Ave PRP; Rollingwood USR; Middle Beaverdam Crk; VA hospital PRP, Penley Ave. USR; Old Home Rd. PRP; Montford Ave @ US 19/23	$2.77
Cincinnati	Ohio	Lateral Repairs; Pump Station Elimination; Sewer Replacement; Treatment Plant Replacements etc.	$122.88

Cleveland	Ohio	Easterly Plant; Southerly Plant; Westerly Plant; Combined Sewer Overflow Control Program; Interceptors and Rehabilitation; IT and other projects.	$164.38
Columbus	Ohio	Big Walnut/Rickenbacker Sanitary Interceptor; Sanitary Subtruck Sewer to Service Several Customers; Sludge Thickening Improvement and Additional Renovation Projects at the 80MGD Jackson Pike Wastewater Treatment Facility; Hydraulic Improvements at Jackson Pike	$218.20
Gresham	Oregon	Secondary Clarifier	$9
	Puerto Rico	Wastewater and Drinking Water Projects	$499.67
Providence	Rhode Island	Construction	$4
Knoxville	Tennessee	Wet Weather SSO's in Separate Collection System and at Treatment Plants	$30
Nashville	Tennessee	Water and wastewater facility	$30
Houston	Texas	Billings Park Storm Sewer and Water Quality Basins; Central Business District Storm Sewer and Relief Sewer; In-Pipe Storage Projects; Sanitary Sewer Relocation; Wastewater Treatment Plant Wet Weather Flow Handling Improvements; Manhole Chimney Reconstruction; Butler Pond Stormwater Detention Upgrade	$26
Alexandria	Virginia	ENR + Project C2; Holmes Run Trunk Sewer CIPP; Commonwealth CIPP; Potomac Yards Pump Station; Transformers & Switchgear Replacement; Green Roofs; Security	$70.25

		Upgrade; ESCO; Magnesium Hydroxide	
Centreville	Virginia	Cub Run Gravity Delivery System; Flat Branch Interceptor Upgrade and Pump Station; Biosolids Pad and Building	$142.60
Hampton Road Sanitation District	Virginia	James River Treatment Plant Nutrient Reduction Improvements; Army Base Treatment Plant Incinerator Improvements; Nansemond Treatment Plant Nutrient Reduction Improvements	$59
Roanoke	Virginia	Upgrade the WPC Plant's Disinfection System; Renovate Digesters and Install Generation Equipment	$16
Virginia Beach	Virginia	Various Projects	$83
King County	Washington	Treatment Facilities	$25
Milwaukee	Wisconsin	Milwaukee County Grounds Basins (2nd Bidding); South 43rd Street Relief; JI Preliminary Facility Sewer Upgrade	$99.90
TOTAL			**$2,916**

National Association of Counties
The Voice of America's Counties

STATEMENT OF

THE NATIONAL ASSOCIATION OF COUNTIES

ON
INVESTING IN INFRASTRUCTURE:
THE ROAD TO RECOVERY

BEFORE THE
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

OCTOBER 29, 2008
WASHINGTON, DC

25 Massachusetts Avenue, NW / Suite 500 / Washington, DC 20001 / 202.393.6226 / fax 202.393-2630 / www.naco.org

As Congress develops a new national economic recovery package, the National Association of Counties (NACo) encourages the leadership and membership of the Transportation and Infrastructure Committee to provide funding for infrastructure investment. Investing in infrastructure provides job creation, longer-term stability and helps ensure the nation's competitiveness. We applaud the passage by the House of a stimulus package in late September. The need for a stimulus program has become even more apparent as the economy has worsened over the last month. A recently completed NACo survey summarized later in this statement highlights the impact of the worsening economy on county governments.

America's 3068 counties play a major role in the nation's transportation infrastructure. They own 1.8 million miles of roads, which represents 44 percent of the nation's road mileage; 256,000 bridges or 45 percent of the nation's bridges; and one-third of the nation's transit systems. Counties are very much tied into local economies and are in the position to invest stimulus funds quickly. Looking at the September stimulus package that passed the House, NACo was pleased that the mass transit and airport stimulus funds went directly to the owners of those systems, primarily county and city governments. However, federal highway funds will be going only to the state departments of transportation. Given county responsibility for the highway system, the needs on this system and the economic challenges facing counties, NACo believes that the stimulus package's highway funding needs to be shared with all the owners of the highway and bridge network. This means that a portion of the federal highway stimulus funds must be come to America's counties and other local governments.

The stimulus package should also include funding for wastewater infrastructure projects. Many American counties own and operate stormwater management infrastructure systems. Wastewater and stormwater infrastructure provides vital economic, public health and environmental benefits to American communities and the national economy. The provision of wastewater and stormwater infrastructure services is completely governed by the federally enforceable requirements under the federal Clean Water Act and the National Pollutant Discharge Elimination System permit program and regulations. This mandate contributes to the documented wastewater infrastructure construction needs of between $300 billion and $450 billion.

The September stimulus package included $6.5 billion in capitalization grant funds for wastewater infrastructure projects through the Clean Water State Revolving Loan Fund (CWSRF). Capitalization grant funds allow states to provide low interest loan assistance to eligible public water systems for infrastructure improvements. We applaud the Committee for recognizing that these financial needs will continue to grow by leaps and bounds and recognizing that local government's ability to access much needed bond market funds has been halted due to the economic downturn, threatening the process that we've made. This highlights the intense need for a larger clean and safe water funding component in the stimulus package.

According to a new survey recently completed by NACo, the recent downturn in the national economy is resulting in revenue shortfalls, increased expenses and greater difficulty in routine borrowing in many of the nation's largest counties. This will result in less funding being available for the infrastructure for which NACo members are responsible. Further, the responding counties anticipate greater budget shortfalls next fiscal year which will lead to more severe budget cutting measures, such as furloughs and layoffs.

All but one of the responding counties indicated that the current economic climate is having a negative effect on its budget – a shortfall in revenues, increased expenses, or both. Of the responding counties, 87 percent said they anticipate a revenue shortfall and 27 percent said they expect increased expenses.

Forty-seven percent of the counties said that they are experiencing a revenue shortfall in the current budget, while 59 percent said that they anticipate a shortfall in the next year's budget.

Seventeen counties with populations of more than 500,000 residents from 12 states in all regions of the country were surveyed October 8-17, 2008 by NACo.

Of the counties that are addressing a current budget year anticipated shortfall, eight counties (80 percent) cited employment freezes, six (60 percent) cited budget cuts, and six (60 percent) cited services delivery cutbacks. To address next year's anticipated budget shortfall, 10 counties (91 percent) cited employment freezes, 10 counties (91 percent) cited budget cuts, and eight counties (73 percent) cited services delivery cutbacks.

But more telling: While only three counties (30 percent) cited layoffs and two counties (20 percent) cited furloughs as possible steps to take to address the current year shortfall, seven counties (64 percent) cited layoffs, three counties (27 percent) cited furloughs and three counties (27 percent) cited labor contract renegotiations as possible steps to take to address next year's anticipated shortfall.

NACo urges Congress to move ahead with a stimulus package. We cannot afford to wait for the situation to worsen and we believe county government, through additional infrastructure investment, can play an important role in turning around the nation's economy.

NADO
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS
CELEBRATING 40 YEARS OF SERVICE • 1967-2007

STATEMENT OF SHARON JUON, PRESIDENT
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS (NADO)

SUBMITTED TO THE
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
OCTOBER 29, 2008

Thank you, Chairman Oberstar, Ranking Member Mica and members of the committee for the opportunity to submit testimony on the important role infrastructure investment plays in stimulating economic growth, especially in our nation's distressed and underserved communities.

My name is Sharon Juon. I serve as President of the National Association of Development Organizations (NADO) and Executive Director of the Iowa Northland Regional Council of Governments in Waterloo, Iowa. NADO provides advocacy, education, research and training for the national network of 520 regional development organizations, including the 381 multi-county Economic Development Districts (EDDs) designated and funded by EDA.

Mr. Chairman, the members of the National Association of Development Organizations (NADO) believe that the infrastructure development, business lending and strategic planning programs of the U.S. Economic Development Administration (EDA) are uniquely positioned to provide effective and timely job creation and economic development assistance resources to communities and regions who are suffering from sudden and severe economic dislocations and decline, as well as chronic and sustained poverty.

We respectfully urge the Congress and administration to include at least $200 million in supplemental EDA program assistance in the pending stimulus package to assist local communities with job creation and retention strategies and projects. Our key points are:

- EDA is the only federal agency with the sole mission of supporting regional and local strategies and projects for high-quality, high-wage job creation and retention projects
- EDA infrastructure, business lending and economic adjustment investments must be identified within–and consistent with–a regional Comprehensive Economic Development Strategy crafted and adopted by local government, business and community leaders
- EDA investments must result in private sector job creation or retention within distressed areas
- EDA requires significant local ownership and matching funds to ensure projects have merit, are sustainable and fit with the overall comprehensive economic blueprint for the region
- EDA's local partners have a significant backlog of "ready to go" economic development projects that have been stalled due to a lack of federal matching funds and gap financing

STATEMENT OF NADO PRESIDENT SHARON JUON ON POTENTIAL ROLE OF EDA IN FEDERAL ECONOMIC STIMULUS PACKAGE

As the only federal agency focused exclusively on private sector job growth in distressed areas, Mr. Chairman, EDA serves as an essential partner and funding resource for local communities striving to address the fundamental building blocks needed to compete in today's highly competitive global economy. This is especially important during these uncertain and turbulent economic times.

PROVEN TRACK RECORD: Since its inception, the agency has helped create in excess of four million private sector jobs and leverage more than $130 billion in private sector investments. In 2007 alone, according to EDA's annual report, the agency helped to create or retain more than 52,000 jobs, attract over $10 billion in private sector investments and create long-term jobs at an average cost of $4,000 per job, among the lowest rates in government. Since the agency's last reauthorization in 2004, EDA has created over 350,000 jobs at a highly-efficient average cost of only $2,500 per job. These are impressive accomplishments considering the agency has an annual budget under $300 million and that agency projects must be targeted to the nation's most distressed areas.

EDA's success stories span the country, as many distressed areas have relied on EDA investments to realize the economic development potential hidden within their communities.

The **City of Valdosta, Georgia** in cooperation with the **South Georgia Regional Development Center**, received $745,500 from EDA. This was coupled with an additional $1.4 million in state and local funds to enhance road, water and sewer systems. The infrastructure improvements allowed for *Martin's Famous Pastry Shoppe, Inc®* to expand from its base in Pennsylvania to Valdosta to serve the southeastern United States. This resulted in the creation of 107 jobs, paying an average annual salary of $53,000, plus benefits, and leveraged an additional $49.7 million in private sector investment.

Since the Loring Air Force Base closed in 1994, the **Northern Maine Development Commission** (Caribou, Maine) has used its EDA-funded Defense Diversification Loan Program to make 49 loans totaling $5.2 million. These loans have resulted in the retention and creation of 2,137 jobs in this highly rural region and leveraged more than $44 million in additional funds. These investments have assisted existing businesses affected by the closure to modify their business models, stay in business, and retain and add jobs. It has also financed new businesses that have hired dislocated defense workers.

"READY TO GO" PROJETS: Earlier this year, NADO conducted an informal survey of its members to determine the backlog of potential "ready-to-go" EDA public works and economic adjustment assistance projects. At the time, we found there were more than 115 projects, valued at close to $400 million in public investment, already in the agency's funding queue but waiting for final clearance and funding before they could be processed and started. This small sample of projects was estimated to attract more than $7.2 billion in new private sector investments and result in the retention and creation of more than 47,000 jobs.

These pending projects included essential community assets for economic development, such as water and sewer systems for technology, industrial and business parks, intermodal transportation facilities, job training facilities, business incubators, broadband networks and development finance loan funds for entrepreneurs and businesses.

**STATEMENT OF NADO PRESIDENT SHARON JUON
ON POTENTIAL ROLE OF EDA IN FEDERAL ECONOMIC STIMULUS PACKAGE**

While the number and scope of these projects has changed since we conducted our initial evaluation, what remains consistent is the immediate and proven impact EDA assistance has in creating quality jobs and leveraging significant amounts of private sector investment in our nation's distressed communities.

STIMULATING JOB GROWTH: The numbers above provide a powerful reminder of the impact EDA's resources play in stimulating job growth and economic opportunity in distressed communities. We have routinely experienced over the years that even a relatively small federal investment can mean the difference in generating thousands of jobs and attracting hundreds of millions of dollars in new private investment. Programs such as EDA serve as an essential catalyst, whether as gap financing or seed capital, for private sector investments in local economic development projects.

EDA and its partners, such as economic development districts and local governments, main focus is investing in the public infrastructure and facilities that are not only needed to support the private sector, but also required by businesses and industries to operate and succeed. Without public facilities and infrastructure such as water and sewer systems, access roads, rail spurs or industrial parks, private industry will continue to locate or relocate to places with these essential amenities, whether somewhere else in the United States, or even more frequently, abroad.

Earlier this year, the **City of Hamilton, Montana** and the **Ravalli County Economic Development Authority** received $1.6 million for a joint investment to support construction of the new Ravalli Entrepreneurship Center, which will enable the county to enhance its efforts to diversify the regional economy by growing the technology and bio-medical clusters and offsetting economic dislocations associated with the downturn in the forestry industry. It is part of a $3.2 million project that will help create 253 jobs and generate $11.8 million in private investment.

In March, the **South Jersey Economic Development District** and the **South Jersey Economic Development Authority** received a $2.5 million EDA investment to support construction of new infrastructure, roadway, sewer and water utilities needed for the development of the Aviation Research and Technology Park in Pomona. The Park will be situated on 55 acres of the 5,000-acre William J. Hughes Technical Center and will serve as a catalyst for national and international aviation research technology. This investment is part of a $7.5 million project that will help create 2,000 new jobs and generate more than $80 million in private investment.

STRATEGIC INFRASTRUCTURE INVESTMENTS: As has been documented by other organizations, the nation's infrastructure remains in serious need of improvements and increased public investment. Improvement costs alone in the next several years are calculated in the trillions. Our ability to sustain the nation's infrastructure is directly linked to the nation's ability to maintain and grow a world-class economy.

In small town and rural America, the most significant road block to economic sustainability remains inadequate public infrastructure. Without EDA's resources, local governments will fall further behind in dealing with aging systems, meeting intensifying demands of business and industry, and overcoming recent cost spikes in construction materials and project costs.

STATEMENT OF NADO PRESIDENT SHARON JUON
ON POTENTIAL ROLE OF EDA IN FEDERAL ECONOMIC STIMULUS PACKAGE

In the current era of limited public resources, it is essential that we make sound, strategic and targeted use of our federal, state and local funds. One of the driving forces behind EDA's long-term success is that all of its project investments are tied to a comprehensive regional economic development strategy. Known as the CEDS process, this holistic, locally-driven process is used to not only examine the strengths and assets of a region and its local communities, but also to identify, prioritize and focus on viable and sustainable economic development projects and activities. Therefore, all of EDA's investments are vetted at the regional and local levels before they are submitted to one of its six regional offices and its headquarters in Washington.

In closing, Mr. Chairman, the members of NADO respectfully urge the Congress and administration to include at least $200 million in supplemental EDA program assistance in the pending stimulus package. EDA has the economic development toolbox and program flexibility to serve as a vital resource for communities striving to improve their economies through private sector job growth.

We look forward to working with you to restore the economic climate and condition of the nation.

Statement of

Ross B. Capon

President

National Association of Railroad Passengers

Submitted to the

Committee on Transportation and Infrastructure, U.S. House of Representatives
The Honorable James Oberstar, Chairman

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Hearing on "Investing in Infrastructure: The Road to Recovery"

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October 29, 2008
Statement Submitted for the Record on November 5, 2008

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The National Association of Railroad Passengers appreciates the opportunity to comment on the subject of infrastructure investment as discussed at your October 29 hearing, "Investing in Infrastructure: The Road to Recovery."

We first express appreciation for the Committee's work on the new law. We look forward to working with you to see that the full funding contemplated by the law is forthcoming. We also appreciate your inclusion of $500 million for Amtrak in HR 7110, although we of course agree with the U.S. Conference of Mayors that a larger passenger train total is justified, with some of it going directly to state projects as outlined in section II.

I. Infrastructure Investment and Passenger Trains

In a fragile economy, it is essential to have affordable mobility. Travel stimulates the economy. If Americans can't travel by other means, they will stay at home and not spend money on travel and at destinations, further depressing recovery efforts.

Therefore, we applaud the Committee for considering infrastructure and passenger train investments for the second economic stimulus package. Investment in passenger trains can yield immediate benefits:

- job creation,

- more travel choices for Americans,
- a transportation system that is safer, more energy efficient and more environmentally benign, and
- incentives for energy-efficient, pedestrian-friendly station-area real estate development.

We support the rolling stock, infrastructure, and positive train control requests in the testimony of Amtrak Chief Operating Officer William Crosbie. We add double-deck Superliners to the list of sidelined cars that should be returned to service. These cars generally are used on long-distance trains, where ridership has grown in recent years (11% in Fiscal 2008) but capacity has not. Due to Superliners' superior all-weather performance, they also have been used to improve wintertime reliability on the Michigan corridors and to fill in elsewhere—currently in the Pacific Northwest *Cascades* service while the Talgos are rotated through overhaul work. We understand that about 40 Superliners are out of service.

While some point to recent drops in the price of gasoline as evidence that people will return to their cars, most experts say the price drop is temporary. In an interview with CNBC on October 27, Peter Beutel of Cameron Hanover (an oil industry analysis firm) said, "We need to not repeat our mistakes of the past, when low prices yielded a lack of investment in new technology and alternative fuels," he said. "We're going to get too low (and) kill a lot of alternatives."

In a similar vein, Khalid al-Buraik, "an executive director at Saudi Aramco" [the world's biggest oil company] said in the November 5 *Financial* Times, "People would like to go and re-evaluate, and maybe some projects were evaluated at $80 or $100 a barrel—now we are talking about $65 a barrel. I think the whole oil industry, the new expansions, oil and gas, it will be re-evaluated—it will be reassessed based on the current economic circumstance."

II. State Programs

Passenger train infrastructure investment should also include money that goes directly to states which will guide its investment, generally in the infrastructure of the private railroads. This in effect is an expansion of the $30 million program in the Fiscal 2008 appropriations law which U.S. DOT administered. Secretary of Transportation Mary Peters announced these grants in Richmond, Virginia, on September 30.

A substantial number of projects are ready to go but still seeking federal funds. This is indicated by the fact that the $30 million program was substantially oversubscribed. We have not seen all the applications, but any informed observed could see that some states with active passenger train programs were conspicuous by their absence from the September 30 announcement—notably North Carolina, Michigan and Oregon. Also, the program encompassed just one of California's three major corridors.

Amtrak will have to speak for itself, but it is our impression that Amtrak's request did *not* include money for state programs. While we assume that some state-supported services would benefit from Amtrak's proposed rolling stock and station programs, it appears that Amtrak's other infrastructure investment is focused on Amtrak-owned infrastructure, and does not include state-led investment in private infrastructure such as the DOT's $30 million program contained.

III. Hudson River Railroad Tunnels ("ARC" or Access to the Region's Core Project)

We strongly urge that the stimulus bill include the additional funding necessary to connect the ARC (Hudson River) railroad tunnels to New York's Penn Station *and require that this connection be restored.* It is unthinkable to allow this $8 billion, New Jersey Transit project to proceed in a manner that leaves Penn Station with the same, tenuous links to New Jersey and all points west and south as currently exist, and makes more difficult any attempt far into the future to remedy the situation.

"Tenuous" refers to the fact that the two, century-old tunnels offer single track service most of the weekends because one track or the other is closed for maintenance. Likewise, single-track operation can be forced at any time, for example, if a train stalls and blocks a tunnel for any reason or due to security concerns. And, though we do not like to contemplate it, the possibility exists that both tunnels could be closed for some length of time, completely eliminating New York-Newark railroad service, including NJT trains that use Penn Station and all Amtrak Acela and Regional trains to Philadelphia/Baltimore/Washington and points beyond.

There is broad agreement on the pressing need to supplement the two, existing Hudson River railroad tunnels with additional capacity. However, there must be a connection between new tunnels and New York's Penn Station. Unfortunately, on June 25, 2007, New Jersey Transit announced it had eliminated this vital connection from the plans, apparently because NJT believes that the seriously flawed project it is now advancing is the only project which is affordable and doable.

We share Chairman Oberstar's disdain for the current, federal "cost effectiveness index" which may have played a role in the disappointing transformation of this project. He observed that the index may soon become history. That is all the more reason to fix the major problem it has helped create here.

Moreover, anyone interested in expanding intercity passenger train capacity in Manhattan must be horrified at the prospect that the third and fourth tunnels will dead-end at a new commuter-only terminal.

Since New York City has arguably the world's biggest potential for further development of air-competitive, intercity passenger train travel, and there is a strong federal interest in seeing that this potential is not lost, the additional money necessary to restore the Penn

Station connection should be included as one element in the stimulus package now being developed.

Another longstanding concern of this association, the New Jersey Association of Railroad Passengers and the Empire State Passengers Association is that the 2003 Major Investment Study jointly done by NJT, Metropolitan Transportation Authority and the Port Authority of New York and New Jersey had been concealed from the public except for a 31-page "Summary Report." The ideal solution, identified in that report as "Alternative G," would enable some trains to run through to Grand Central Terminal. Unfortunately, that alternative was taken off the table long ago, and—to make matters worse—it has been revealed more recently that none of the tracks in NJT's planned, "deep cavern" station at 34th Street can be extended eastward in the future.

While our focus has been on restoring the link to New York Penn Station that was part of NJT's plan until mid-2007, we remain concerned that so much secrecy has shrouded the 2003 report which ought to reveal the practicality of extending tracks to Grand Central (and thus whether creating a new NJT terminal near Penn Station is really an appropriate use of scarce resources).

In any event, we are now faced with an $8 billion investment that will leave Penn Station just as vulnerable to a shutdown (for any reason) of the old tunnels as it is today, and increasingly inadequate as growing weekend travel demands already are in conflict with the need to close individual tunnels for basic maintenance.

The ideal solution would be two additional tracks under the Hudson plus extension of tracks from Penn Station to Grand Central Terminal—"Alternative G" in the Major Investment Study of 2003 (next-to-last bullet in Appendix). Failing that, our fallback position, the connection which NJT has abandoned, is absolutely essential. It is not for lack of trying that our views seem to have had no effect. Some of our previous, unsuccessful efforts to influence the project are outlined in the Appendix at the end of this statement.

Unfortunately, even our fallback has been shunted aside. Here are the key reasons why new tunnels should not simply go to a permanently, dead-end, new station near Penn Station, but should also connect to Penn Station itself (quoting the statement I submitted at the New York hearing on April 1):

- "Today's security-conscious world cries out for the redundancy and operational flexibility that NJT's pre-June, 2007 design offered. Consider the implications of having the existing Amtrak-owned tunnels (used by both Amtrak and NJT trains) disabled either temporarily (should, for example, a train derail or be otherwise immovable) or, heaven forbid, for days or months. Under the present plan, it would be impossible to maintain any kind of run-through service—either existing intercity service, or the inter-regional services (such as Trenton-Stamford) which should be part of any solid future planning for the region.

- "It is important to be able to maintain the railroad adequately and efficiently with minimum negative impact on service. Today, maintenance is basically limited to 55-hour weekend windows, yet growing demand for weekend service—both commuter rail and intercity—is bumping up against those windows. Thus, connecting the new tunnels with NYP would offer maintenance/service benefits both for NJT and Amtrak trains using NYP and for NJT trains using any new terminal. [Note to the T&I Committee: This means that, for most weekends, the existing railroad is single-track under the Hudson while maintenance work is performed on one track or the other.]

- "We understand the pressure on NJT from FTA criteria which focus on travel minutes saved: anything increasing project costs without saving more minutes makes the project weaker when measured against FTA criteria. But the FTA criteria are wholly inappropriate when applied in a post-9/11 world to a key strategic asset in such a densely populated area.

- "The current plan is incompatible with interstate service needs. It is inconceivable that a project of this magnitude would be built when it provides no redundancy or capacity benefits for interstate service. "Interstate" means not just the Amtrak's existing Boston-Washington trains, but also—as noted above—inter-regional services that must be on the agendas of NJT, Metro-North and the Long Island Rail Road. All of these services would have to be developed within the limits of the two existing tracks under the Hudson.

- "There is general agreement that New York City is the number one market in the country where expanded intercity train service would help address demands for air service that are bumping up against airport and airspace capacity limits. By failing to connect the new tunnels with NYP, this project not only does not provide any new intercity slots at NYP, it is our understanding that it also precludes future investments aimed at providing such slots."

At a May 14 hearing before your Subcommittee on Railroads, Pipelines and Hazardous Materials, Rep. Albio Sires (D-NJ) asked Amtrak President and CEO Alex Kummant what impact a new Hudson River rail tunnel would have on Amtrak. Kummant diplomatically made the same point that NARP has been arguing: "Our biggest concern is the total capacity on a north-south basis through New York. And so, I think a legitimate question to ask is, 'Is there going to be a tunnel that reaches into Penn Station and allows the total Northeast Corridor capacity to expand? Or is it only something for New Jersey going into New York City?' I think that's something we continue to have fairly strong feelings about and would like to continue a dialogue on...If there's an overall design and structure that precludes any capacity expansion on north-south, I would say that's an issue for the entire region. It's not just Amtrak's issue, and that's something we need to be talking about."

The project that we are now threatened with indeed *is* "only something for New Jersey going into New York City" and *does* "preclude any capacity expansion on north-south" within our lifetimes. This project leaves us with just the possibility that, *if* we do a good job of protecting rights-of-way, it might be possible some day to build fifth and sixth tunnels if the money can ever be found.

But protecting rights-of-way is difficult. Even within the past year, New York City is advancing a subway project (the #7 extension) without federal funds whose location makes it harder to create the connection that we advocate. Only a slight adjustment in the alignment of the #7 extension would allow reinstatement of the badly-needed connection, but Mayor Bloomberg apparently has ruled that out. Alternatively, it seems likely that the connection would be compatible with a restoration by NJT of its pre-2007 design with a 34th Street terminal much closer to the surface.

Meanwhile, and partly as a result, Amtrak is reduced to haggling with NJT over who shall get use of particular "slots," and to saying that fifth and sixth tunnels will be needed before 2030. This is no way to plan a railroad!

While many interests have expressed support for the current project, we believe that much of this supportive comment comes from people who either accept NJT's argument that nothing better is affordable or possible, or who are focused at the most general level on the need for more trans-Hudson rail capacity and not on the impact of specific options. When the general public figures out the magnitude of the opportunity that has been lost if the present ARC project goes forward, said project will be seen in a far more negative light, to put it politely.

The federal need is clear and, again, we urge the committee to meet it in the stimulus bill.

IV. APPENDIX: Partial list of citizen efforts to improve the ARC project

- Leaders of NARP and of New Jersey Association of Railroad Passengers (NJ-ARP) met in Washington with Federal Transit Administration officials on January 11, 2008, and again April 28. I was at both meetings as was George Haikalis of New York City, a transportation planner/advocate and member of NARP's Board. Federal Transit Administrator James Simpson and NARP Chairman George Chilson were present on April 28, the same day that Chilson, Haikalis and I also met with Federal Railroad Administrator Joseph Boardman.

- On March 10, Haikalis represented NJ-ARP in a meeting with Moynihan Station Development Corporation President Robin Stout and Project Manager Fred Bartoli.

- On March 26, a group of rail advocates attended a New Jersey Assembly Budget Committee hearing in New Brunswick. NJ-ARP Director Albert L. Papp Jr. of Millington, NJ, (also a NARP board member) explained our concerns.

- On April 1, I traveled to New York City to testify at the hearing on the project's Supplemental Draft Environmental Impact Statement (SDEIS). My statement concluded, "In sum, it would be a monstrous failure of public policy to permit implementation of the present design in spite of its major failings as outlined here and in statements by others." The full statement is at http://www.narprail.org/cms/index.php/resources/more/test_arc/ The SDEIS hearings also included testimony from other NARP and NJ-ARP leaders, including Mr. Papp.

- Our April 1 release noted in addition the objections of the Empire State Passengers Association. We said that ESPA President Bruce B. Becker "opposed the plan and urged NJT and Federal Transit Administration to advance the direct connection between the new Hudson River tunnels and Penn Station tracks and platforms described in the Draft Environmental Impact Statement issued in February 2007. ESPA also called for restarting the planning and environmental studies for a direct track connection between Penn Station and Grand Central Terminal, described as 'Alternative G' in the Major Investment Study (MIS) phase of the planning process.'"

- On April 9, 2008, I wrote to Governors Corzine and Paterson, concluding, "We understand that what we suggest might take longer to get done, and may cost more to build. But the costs of not linking the new tunnels with existing NYP far outweigh the technical difficulties and costs of creating the link, which we believe have been overstated. Fifty, or even 20 years from now, no one will care whether the new tunnels opened in 2017 or a few years later. But they will care about what those tunnels do--and they will care passionately if the existing tunnels are ever shut down. We can get the right solution if you, the states' governors, agree, and use your considerable influence over the relevant agencies to make sure that the needed track connection is created, for the benefit of today's riders and those in the decades to come." This letter is at http://www.narprail.org/cms/index.php/resources/more/nynj_arc/

- On April 28, I filed written comments on the Supplemental DEIS urging, which began: "The most desirable outcome is Alternative G, that is, new tunnels leading to New York Penn Station (NYP) and tracks continuing east to connect with tracks at Grand Central Terminal (GCT). Our fallback position is to connect the new tunnels with NYP, as contemplated by New Jersey Transit until about a year ago." These comments are at http://www.narprail.org/cms/index.php/resources/more/arc_formal_comments/

- On July 9, I went to Newark to join with other NARP and NJ-ARP people in meeting with New Jersey Transportation Commissioner Kris Kolluri to make our case.

The National Association of Railroad Passengers is the largest citizen-based organization advocating for train and rail transit passengers. We have worked since 1967 to expand the quality and quantity of passenger train service in the U.S. Our mission is to work towards a modern, customer-focused national passenger train network *that provides a travel choice Americans want. Our work is supported by over 24,000 individual members.*

900 Second St., NE, Suite 308, Washington, DC 20002-3557
Telephone: 202-408-8362, FAX -8287
Web: www.narprail.org
E-mail: rcapon@narprail.org or narp@narprail.org

NBAA
1200 Eighteenth St. NW, Suite 400
Washington, DC 20036
(202) 783-9000 | www.nbaa.org

October 29, 2008

Honorable James Oberstar
Chairman
Committee on Transportation
 and Infrastructure
U.S. House of Representatives
Washington, DC 20515

Honorable John Mica
Ranking Member
Committee on Transportation
 and Infrastructure
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Oberstar and Ranking Member Mica:

On behalf of the National Business Aviation Association (NBAA), I am grateful for the opportunity to provide comments regarding the economic stimulus achieved through infrastructure investment. In these challenging economic times, the importance of a robust transportation system cannot be overemphasized.

NBAA and our 8,000 member companies across the United States support the Committee's efforts to identify and prioritize national transportation infrastructure investment opportunities that will improve and modernize our nation's transportation system, as well as significantly contribute to economic growth and job creation.

Our national air transportation system is critical to the US economy, and we are committed to working with the Committee to transform and modernize this national asset. Aviation plays a critical role in driving economic growth and investment across the country. We strongly support the shared goal of keeping our aviation system the safest and most efficient system in the world.

As you know, there are over 5,000 public use airports in this country. Approximately 500 have commercial airline service, making General Aviation an economic lifeline for thousands of communities and an essential economic generator throughout the country. Additional investment in airports of all sizes will undoubtedly provide needed stimulus to cities and rural communities in all 50 states. In fact, for many communities, the local airport drives economic development in the area.

Page Two

Chairman Oberstar and Ranking Member Mica, NBAA would also like to take this opportunity to thank you for your ongoing efforts to strengthen our aviation system through FAA reauthorization legislation. In September, 2007, the House approved the FAA Reauthorization Act of 2007 (H.R. 2881), that would provide multi-year funding for enhanced investment in FAA programs to modernize and expand the nation's air transportation system. We support this legislation and the goals of expanding system capacity through air traffic modernization and airport development, providing additional investment in safety programs, and further developing key environmental initiatives. H.R. 2881, as well as legislation currently pending in the Senate, will expedite the transformation of the system by building on the existing funding mechanisms. NBAA remains committed to working with the Congress to complete the reauthorization process as soon as possible.

Sincerely,

Ed Bolen
President and CEO

National Complete Streets Coalition
1707 L St. NW Suite 1050
Washington, DC 20036
Phone 202-207-3355 ext. 25
fax: 202-207-3349
info@completestreets.org

Written Testimony for the House Transportation and Infrastructure Hearing, Investing in Infrastructure: the Road to Recovery
October 29, 2008

Building Complete Streets Aids Economic Recovery in Two Ways

To the Honorable Chairman Oberstar and members of the Transportation and Infrastructure Committee:

Economists agree that investing in America's transportation infrastructure is a good way to start the nation on the path of economic recovery. The challenge is to invest wisely, in ways that will help American families who are hurting.

Unfortunately, we've learned in the last few months that our over-reliance on transportation investments that provide only for automobile travel has backed many Americans into a corner. The spike in gasoline prices this summer led many people to realize their options for cutting back on transportation expenses were severely limited: too many Americans live in places where they cannot walk because sidewalks are crumbling, they cannot ride a bicycle because roads are too fast and narrow, and they cannot take the bus because public transportation is inaccessible or infrequent. For too many, the only option is to drive and pay the going price for gasoline. The problem is even more acute for low income Americans who must come up with a minimum of $3,000 a year[1] to own a car.

The highway projects funded by this recovery package can do more to aid recovery than provide individual jobs: they can help create complete streets that provide Americans with transportation choices that are easier on their wallets. Complete streets are safe and comfortable for bicycle riders, transit patrons, and pedestrians of all ages and abilities, as well as for drivers.

Many projects in the highway funding pipeline date from the last century, when the primary concern was to simply move cars. But now that people are driving less – more than 67 billion miles less in 2008 than 2007, according to FHWA – a higher priority must be placed on investing in road projects that provide transportation options. This will help insulate Americans from future gas price shocks, help reduce our dependence on foreign oil, and help everyone from school children to older adults get where they are going safely.

For this recovery package, it only makes sense to direct state and local transportation agencies to prioritize projects that will help create complete streets to ease the burden of the economic slowdown on Americans. Many communities have ready-to-go projects aimed at retrofitting corridors for complete streets. Many of these projects are already in the pipeline as part of routine reconstruction and rehabilitation of formerly 'incomplete' streets. And these projects are often labor-intensive and small enough in scale to ramp up quickly.

Here are a few examples of the types of projects that could provide both jobs and low-cost travel options for Americans. Planners in Kalama and Longview, Washington are ready to begin construction on three streets that will provide sidewalks, better drainage, lighting, and other features to improve safety for those traveling by foot or bicycle. In Scottsdale Arizona, a project is ready to add bicycle lanes and wider sidewalks, as well as raised pedestrian safety medians and other street-scaping features to Scottsdale Road. In Livermore, California, the transit agency is ready to create Bus Rapid Transit service, with street features such as improved bus stops and new technology that gives buses priority at traffic signals. The State of Maryland is ready to retrofit pedestrian routes along state highways in three counties to provide for people with disabilities. Activities will include installing curb ramps, widening sidewalks, removing obstructions, and improving cross-slope.

While bicycling and walking infrastructure are often seen as 'local' concerns, they hold great potential for easing the transportation woes on a national scale. Forty-eight percent of metropolitan-area trips in the United States are three miles or less, and 28 percent are one mile or less[2] – easy distances for bicycling or walking or catching a shuttle bus. Yet two-thirds of these trips are now made by automobile. Safe infrastructure for pedestrians is also an integral part of every transit trip. It is in the national interest to promote travel by foot, bicycle, and public transportation. We know that these low-cost modes can help reduce our dependence on foreign oil and can reduce greenhouse gas emissions by millions of tons annually[3]. The federal transportation program must do more to support these 'capillaries' of our transportation system.

States and local governments across the country are recognizing the importance of completing their streets for everyone. Governor Arnold Schwarzenegger signed the California Complete Streets Act of 2008 this September; last year Illinois joined Oregon, Florida, Maryland, and Massachusetts and more than 60 local jurisdictions with complete streets policies on their books. In Congress, HR 5951 and S 2686 call for adoption of complete streets policies at the state and metropolitan level. (For more information, visit www.completestreets.org.)

The National Complete Streets Coalition is a broad-based group working for the adoption and implementation of Complete Streets policies and practices at the federal, state and local level. Members include the American Planning Association, American Public Transportation Association, America Bikes, America Walks, American Council of the Blind, the Institute of Transportation Engineers, and many more organizations.

Focusing economic stimulus funding on projects that build complete streets will help Americans in two ways: by creating immediate jobs and by building a transportation infrastructure that will give them more low-cost transportation options. Please consider asking states and regions receiving this funding to prioritize projects that create complete streets.

Barbara McCann
Coordinator
National Complete Streets Coalition

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[1] *Consumer Expenditures in 2006*, released in February of 2008 by the U.S. Department of Labor's U.S. Bureau of Labor Statistics
[2] FHWA, *National Household Travel Survey*, 2001.
[3] Rails to Trails Conservancy, *Active Transportation for America: the case for Increased Federal Investment in Bicycling and Walking*, 2008; American Public Transportation Association, *Public Transportation: Benefits for the 21st Century*, 2007.

STATEMENT OF

THE NATIONAL LEAGUE OF CITIES

ON

INVESTING IN INFRASTRUCTURE:
THE ROAD TO RECOVERY

BEFORE THE
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

OCTOBER 29, 2008
WASHINGTON, DC

National League of Cities

1301 Pennsylvania Ave., N.W.
Washington, D.C. 20004-1763
202-626-3000
www.nlc.org

The National League of Cities is pleased to have this opportunity to submit a statement on the need for a new economic recovery program to help this nation rebuild crumbling infrastructure and restore our struggling economy, As this Committee knows, investing in infrastructure supports job creation and community stability, in addition to economic competitiveness.

Our nation's transportation and water infrastructure provides the backbone of the U.S. economy and our local hometown economies. Cities and towns areas generate 90 percent of the nation's gross domestic product and house more than 80 percent of the nation's jobs. The need for a boost to local economies through an economic recovery program is even more critical at this time of a faltering economy and limited access to credit markets.

We applaud the leadership of the Committee in promoting a stimulus program. In the time since the House adopted stimulus package initiated by this Committee in September, our local economies continue to deteriorate. As representatives of local elected officials across the nation, NLC urges your continued leadership in adopting an infrastructure package to fund transportation and water programs that will create and maintain jobs in communities across the nation.

Local elected leaders see and hear every day about the impact the economic crisis is having on our communities and our residents. As of October 2008, the number of homes in foreclosure stood above 2.2 million and a record numbers of hard-working families remain at risk of losing their homes to foreclosure. Those who are not at risk are seeing their home values decline.

Retirement savings aren't safe either. Families have lost as much as $2 trillion — or about 20 percent overall — in their retirement plans in the past 15 months. In the last 10 months, our country has lost more than 1.2 million jobs, and the official unemployment rate • jumped from 6.1 percent to 6.5 percent.

Other indicators show even greater labor market weakness. As many as 27 states face shortfalls of about $26 billion — numbers that could double over the next few months as revenues continue to decline. NLC's recent survey of local governments shows a similar pattern, with property, sales, and income taxes down between 3 and 4 percent from last year and the rate of revenue losses accelerating. NLC's annual report City Fiscal Conditions in 2008 on city fiscal condition found that the decline in property tax revenues (3.6 percent from the prior year, in inflation-adjusted terms) is having an impact on the fiscal health of local governments. Unlike the previous economic downturn in 2001, when property tax revenues were able to buffer the effects of declining income and sales tax receipts, the weak housing market is likely to affect city budgets until 2010.

Moreover the report found that other sources of revenue are headed downward as well, with sales tax receipts declining by 4.2 percent and income tax revenues expected to decline by 3.3 percent in inflation-adjusted dollars in 2008 compared to 2007. As a result, 64 percent of city finance officers surveyed expect cities to have a harder time meeting fiscal needs in 2008, and 79 percent forecast even bigger problems ahead in 2009. Even if economic conditions improved immediately, the nation's cities are likely to be realizing the effects of the current downturn through 2010. The sharp decline in property tax receipts erodes a critical buffer that has helped cities through economic downturns for the last three decades.

On the spending side, increases of 3.0 percent in 2007 were met with flat or declining revenues, according to the report. Taken together, city finance officers project a budget gap of 2.8 percent in 2008, with revenues declining by 4.3 percent and spending declining by 1.5 percent in inflation-adjusted dollars over 2007. The areas affecting city budgets the most heavily include prices and inflation (including energy prices), which were identified by 98 percent of respondents. Increases in infrastructure (85 percent) and public safety spending (83 percent), and employee-related costs for wages (95 percent), health care (86 percent), and pensions (79 percent) were also cited as budget-busters.

To meet budget shortfalls, half of the cities responding (49 percent) have increased fees, while 28 percent have increased the number or types of fees and 23 percent increased the level of impact and development fees. Regionally, cities in the West are being hit hardest, with 74 percent of finance officers stating that their cities are worse off in 2008, followed by cities in the Midwest (67 percent), Northeast (61 percent) and the South (53 percent). The situation also varies depending upon local tax authority. Finance officers in cities reliant upon the property tax were most likely to say their cities are worse off (75 percent), compared to cities that utilize a mix of sales and property taxes (60 percent), or cities that use a mix that includes a local income tax (52 percent). The pessimistic assessment is registered regardless of city size. Sixty-nine percent of the nation's largest cities reported a lessening ability to meet needs, 68 percent for cities with populations 100,000-299,999, 65 percent for cities 50,000-99,999, and 61 percent for cities with populations under 50,000.

Cities have implemented creative solutions for making do with less, while managing their budgets responsibly in the face of legal requirements that they be balanced annually. There is only so much cities can do when faced with the macro-economics of a housing market in crisis, flat revenues and soaring health care and energy costs. It's time we recognize that we must support strong cities if we are to expect to benefit from a healthy, growing economy. Federal and state policies need to support local economies if we want to improve the national outlook.

As Congress and the Administration prepare to take action on a new national economic recovery package, we call for the following actions to help America's hometowns and families, stimulate the economy, create good jobs for our residents, and provide meaningful, long-lasting benefits to our communities. Even with this assistance, local governments will continue to look for opportunities to consolidate government operations, streamline services, and make government more efficient.

The U.S. Department of Transportation estimates that for every $1 billion in federal highway investment, 47,500 jobs would be created, directly and indirectly. Similarly, an analysis by the California Infrastructure Coalition concludes that each $1 billion in transit system improvements, including roadways, would produce 18,000 direct new jobs and nearly the same level of induced, indirect investment. If all public infrastructure investment created jobs at the same rate as transit improvements in California, $150 billion in infrastructure investment would create more than 2.7 million jobs directly, more than offsetting the jobs lost since the bursting of the housing bubble.

In addition to short–term infusions, infrastructure also has long-term effects brought out over a number of years. It increases America's competitiveness by providing the necessary components for business development and job creation for years to come. America's cities and towns call upon the federal government to ensure that state and local governments have access to the capital markets. Because of the national credit crisis, cities across the country are reporting difficulty selling bonds and accessing short-term credit to finance everyday local government operations.

NLC would urge the Committee to consider one change to the September stimulus package that passed the House, The mass transit and airport program would direct funding directly to the owners of these systems, mostly local governments. We are concerned that the current structure of the stimulus passed package would direct funds only to state transportation departments rather than a sub allocation with the local governments that own and operate these systems. In addition, local governments already provide one third of the funding devoted to transportation and should receive a share of the transportation funding to help meet local needs and support local economies.

The stimulus package should also include funding for wastewater infrastructure projects. Wastewater and stormwater infrastructure provides vital economic, public health and environmental benefits to American communities and the national economy. The provision of wastewater and stormwater infrastructure services is completely governed by the federally enforceable requirements under the federal Clean Water Act and the National Pollutant Discharge Elimination System permit program and regulations. This mandate contributes to the documented wastewater infrastructure construction needs of between $300 billion and $450 billion.

NLC also calls upon the federal government to ensure that state and local governments have access to the capital markets to provide the funds for local government operations. Bringing a stable economy back to our hometowns will help create good jobs, strong families and stable communities. Cities and towns stand ready work with you to get our citizens back to work and restore our economy. Thank you again for this opportunity.

THE NATIONAL RAILROAD CONSTRUCTION AND MAINTENANCE ASSOCIATION (NRC)

"The Voice of the Railroad Construction Industry"

RAILROAD COOPERATION AND EDUCATION TRUST (RAILCET)

"Management and Labor Working Together"

Testimony Submitted to the
Transportation and Infrastructure Committee
of the Unites States House of Representatives

Hearing on the Economic Stimulus Package
Tuesday, October 29, 2008, 10:00am
Rayburn House Office Building

I am Chuck Baker and am president of The National Railroad Construction & Maintenance Association (NRC) as well as a Trustee of the Railroad Cooperation and Education Trust (RAILCET). The NRC is the national trade association representing the independent railroad construction and supply industry. RAILCET is an organization comprised of construction trade labor and management that promotes cooperation in all disciplines of railroad contracting. **The NRC and RAILCET together respectfully request that the Economic Stimulus Package currently under consideration contain provisions to fund capital grants for freight and passenger railroad projects that are in the public interest. Specifically we urge that rail transit projects, commuter rail projects, and Class II and Class III freight railroad projects be made available for funding.**

Based on discussions with our construction companies, unions and freight and transit railroad customers, we know that a substantial amount of **infrastructure spending could take place in 2009 in the rail transit, commuter rail, and Class II/III railroad industries that would not otherwise take place. This would be a valuable addition to the Stimulus package.** There are hundreds of millions of dollars of "ready-to-go" rail projects throughout the country, which could be implemented quickly and immediately begin to stimulate the economy. And these rail projects would not be a one-time benefit – they would create long-lasting infrastructure which would help this country grow economically for decades to come.

Concerning eligibility for transit and commuter rail projects, we fully endorse the testimony presented by the American Public Transportation Association (APTA) at this hearing today.

We urge Congress to specifically add regional and short line railroad (Class II and III) projects to the stimulus package. As the Members of this Committee know well, small freight railroads make an enormous contribution to the country's transportation infrastructure by preserving over 50,000 miles of track that would otherwise be candidates for abandonment. Yet, due in part to the advent of 286,000 pound freight cars this infrastructure is under tremendous pressure and has a large backlog of delayed maintenance. Clearly there is public interest in stabilizing and preserving this infrastructure. Without it thousands of mostly rural communities would be cut from the rail network.

In December 2007, Congress passed and President Bush signed H.R 6, the Energy Independence and Security Act of 2007 (Public Law 110–140). That important new law contains a railroad provision put forward by the House Transportation and Infrastructure Committee. The Energy Act's Section 22301 authorizes $50 million a year in "Capital Grants for Class II and III Railroads" for projects that can be obligated within a three year time frame. As of yet, no funds have been appropriated for this important new provision of law, but that section can now serve as a template for a section to be added to the Economic Stimulus Package.

In April 2007, James Daloisio, former Chairman of the NRC and currently Secretary of RAILCET, testified before the Railroad Subcommittee at a hearing on Rail Capacity. With support from labor and management, Daloisio called for funding of that small rail program in a second economic stimulus package that was then being discussed. We now officially renew that request. **Section 22301 of Public Law 110-140 (attached) permits capital grants in the public interest to class II and III railroads that rehabilitate, preserve, or improve railroad track infrastructure and facilitate the greater use of railroad transportation.** The grants can also be used on small railroad projects that demonstrate innovative technologies that increase fuel economy or reduce greenhouse emissions.

A substantial amount of shortline and regional railroad work is undertaken by our RAILCET and NRC Contractors. We are confident that a large number of projects could be accelerated and undertaken in the immediate future.

These grants would immediately stimulate the economy. They benefits the railroads, the construction companies that perform the work, the supply companies that provide the materials such as steel, ties, ballast, and heavy equipment, and they ultimately provide an important benefit to the thousands of small shippers that

would then use the improved track infrastructure. These shippers are small businesses such as apple growers, steel mills, textile manufacturers, chemical companies, and wheat shippers.

We propose that the Transportation and Infrastructure Committee recommend that the Stimulus include $100 million in general funds over 2 years, to fill the authorization from the Energy Act for 2008-2009. We propose the appropriated funds be designated Small Freight Rail Energy Grants and be set aside for projects that are qualified under Sec. 22301 of the 2007 Energy Act. To meet the objectives of a true stimulus we suggest that only projects be made eligible which can be initiated within 180 days and substantially completed in the 2009 calendar year. This would be a positive economic stimulus with meaningful and measurable public benefits. It will result in immediate real job creation and the expenditure of federal infrastructure funds within a short time frame.

Thank you for your consideration.

Charles Baker, President of the NRC and Trustee of RAILCET
cbaker@nrcma.org
office: 202-715-2920
mobile: 415-828-4925

ABOUT NRC AND RAILCET

NRC

The National Railroad Construction and Maintenance Association, known as the NRC, is the national trade association representing the independent railroad construction and supply industry. The NRC has more than 200 member companies, with employees in all 50 U.S. States and each of the Canadian provinces. NRC members perform every type of rail infrastructure work imaginable - from design and engineering to basic construction and maintenance to highly specialized and custom jobs. Work includes laying new rail, rail welding, rail grinding and surfacing, ballast distribution, tie insertion and removal, grade crossings, signal systems, switches, turnouts, re-railments, and bridge maintenance.

NRC members serve every type of track owner, including Class 1 railroads, short line and regional railroads, industrial track owners, the United States military, port facilities and terminals, and rail transit agencies operating light rail systems, street cars, subways, metro systems, and commuter rail operations.

RAILCET

The Railroad Cooperation and Education Trust (RAILCET) is an organization comprised of railroad labor and management that promotes cooperation in all disciplines of railroad contracting. The organization is composed of 30 railroad construction and maintenance companies and two international unions - the Laborers International Union of North America (LIUNA) and the International Union of Operating Engineers (IUOE). RAILCET members are signatory to the Railroad Transportation and Operation Agreement (RTOA). This innovative agreement has national reach and is available to rail contractors, laborers and operators looking for a high-quality labor agreement that allows them to perform rail maintenance and construction productively and efficiently. RAILCET members understand the importance of a job completed safely, on time, and on budget. RAILCET also represents the public affairs and legislative interests of its companies and employees.

RAILCET Board of Trustees:

Director – RAILCET
Michael Goetz
Grif1020@yahoo.com
217-522-5418

Senior Policy Advisor – RAILCET & NRC
Ray Chambers
ray.chambers@cch-llc.com
202-257-4099

PUBLIC LAW 110–140—DEC. 19, 2007

ENERGY INDEPENDENCE AND SECURITY ACT OF 2007

for the grant containing such information as the Secretary of Transportation may require.

(2) COMPETITIVE SELECTION.—The Secretary of Transportation shall conduct a national solicitation for applications for grants under this section and shall select grantees on a competitive basis.

(e) FEDERAL SHARE.—The Federal share of the cost of a project under this section shall not exceed 80 percent of the project cost.

(f) REPORT.—Not later than 3 years after the date of enactment of this Act, the Secretary of Transportation shall submit to Congress a report on the results of the pilot program carried out under this section.

(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary of Transportation $10,000,000 for each of the fiscal years 2008 through 2011 to carry out this section. Such funds shall remain available until expended.

SEC. 1112. CAPITAL GRANTS FOR CLASS II AND CLASS III RAILROADS.

(a) AMENDMENT.—Chapter 223 of title 49, United States Code, is amended to read as follows:

"CHAPTER 223—CAPITAL GRANTS FOR CLASS II AND CLASS III RAILROADS

"§ 22301. Capital grants for class II and class III railroads

"(a) ESTABLISHMENT OF PROGRAM.—

"(1) ESTABLISHMENT.—The Secretary of Transportation shall establish a program for making capital grants to class II and class III railroads. Such grants shall be for projects in the public interest that—

"(A)(i) rehabilitate, preserve, or improve railroad track (including roadbed, bridges, and related track structures) used primarily for freight transportation;

"(ii) facilitate the continued or greater use of railroad transportation for freight shipments; and

"(iii) reduce the use of less fuel efficient modes of transportation in the transportation of such shipments; and

"(B) demonstrate innovative technologies and advanced research and development that increase fuel economy, reduce greenhouse gas emissions, and lower the costs of operation.

"(2) PROVISION OF GRANTS.—Grants may be provided under this chapter—

"(A) directly to the class II or class III railroad; or

"(B) with the concurrence of the class II or class III railroad, to a State or local government.

"(3) STATE COOPERATION.—Class II and class III railroad applicants for a grant under this chapter are encouraged to utilize the expertise and assistance of State transportation agencies in applying for and administering such grants. State transportation agencies are encouraged to provide such expertise and assistance to such railroads.

"(4) REGULATIONS.—Not later than October 1, 2008, the Secretary shall issue final regulations to implement the program under this section. Deadline.

"(b) MAXIMUM FEDERAL SHARE.—The maximum Federal share for carrying out a project under this section shall be 80 percent of the project cost. The non-Federal share may be provided by any non-Federal source in cash, equipment, or supplies. Other in-kind contributions may be approved by the Secretary on a case-by-case basis consistent with this chapter.

"(c) USE OF FUNDS.—Grants provided under this section shall be used to implement track capital projects as soon as possible. In no event shall grant funds be contractually obligated for a project later than the end of the third Federal fiscal year following the year in which the grant was awarded. Any funds not so obligated by the end of such fiscal year shall be returned to the Secretary for reallocation.

"(d) EMPLOYEE PROTECTION.—The Secretary shall require as a condition of any grant made under this section that the recipient railroad provide a fair arrangement at least as protective of the interests of employees who are affected by the project to be funded with the grant as the terms imposed under section 11326(a), as in effect on the date of the enactment of this chapter.

"(e) LABOR STANDARDS.—

"(1) PREVAILING WAGES.—The Secretary shall ensure that laborers and mechanics employed by contractors and subcontractors in construction work financed by a grant made under this section will be paid wages not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor under subchapter IV of chapter 31 of title 40 (commonly known as the 'Davis-Bacon Act'). The Secretary shall make a grant under this section only after being assured that required labor standards will be maintained on the construction work.

"(2) WAGE RATES.—Wage rates in a collective bargaining agreement negotiated under the Railway Labor Act (45 U.S.C. 151 et seq.) are deemed for purposes of this subsection to comply with the subchapter IV of chapter 31 of title 40.

"(f) STUDY.—The Secretary shall conduct a study of the projects carried out with grant assistance under this section to determine the extent to which the program helps promote a reduction in fuel use associated with the transportation of freight and demonstrates innovative technologies that increase fuel economy, reduce greenhouse gas emissions, and lower the costs of operation. Not later than March 31, 2009, the Secretary shall submit a report to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate on the study, including any recommendations the Secretary considers appropriate regarding the program. Deadline. Reports.

"(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary $50,000,000 for each of fiscal years 2008 through 2011 for carrying out this section.".

(b) CLERICAL AMENDMENT.—The item relating to chapter 223 in the table of chapters of subtitle V of title 49, United States Code, is amended to read as follows:

"223. CAPITAL GRANTS FOR CLASS II AND CLASS III RAILROADS ....22301".

TESTIMONY OF
CONN ABNEE
EXECUTIVE DIRECTOR
NATIONAL STEEL BRIDGE ALLIANCE

Committee on Transportation and Infrastructure
Hearing on Investing in Infrastructure

October 29, 2008

Mr. Chairman and members of the committee, thank you for holding this hearing today on one of the most critical issues facing this country: the need for an aggressive program of infrastructure investment. Your leadership on this issue has been critical to keeping the nation focused on this problem and will be critical to moving legislative solutions in the coming months.

I am presenting this testimony to you on behalf of the National Steel Bridge Alliance, a unified industry organization of businesses and agencies interested in the development, promotion and construction of cost-effective steel bridges.

Mr. Chairman, I would like to focus my testimony today on our nation's bridges. In the wake of the I-35W disaster, great attention was given to reports that of the nearly 600,000 bridges in the United States, 25% are either structurally deficient or functionally obsolete. Under your leadership, the committee and Congress moved aggressively to advance emergency bridge legislation in immediate response to the specific I-35W disaster and in broader legislation, H.R. 3999, to refocus the nation's bridge program and provide additional resources to meet the need for repair and replacement.

This legislation addresses three critical areas. First, it authorizes $1 billion to meet the cost of repairing our deteriorating bridge infrastructure. Second, it provides renewed focus on bridge inspections. And thirdly, it makes it more difficult for states to shift Federal bridge funds to other Federal-aid highway programs unless they can demonstrate that they are meeting their bridge repair requirements.

NSBA members have been concerned throughout the life of SAFETEA-LU that the number of projects being let by state DOTs has not matched the amount of federal funds being apportioned. We have discussed this problem at both the federal and state level with both sides blaming the other for the problem. We have concluded, Mr. Chairman, that what is happening is the result of insufficient resources at both the federal and state level. During reauthorization four years ago, Congress was unable to reach agreement to make the changes needed to generate highway trust fund revenue to keep pace with demand. States found themselves with similar constraints.

Consequently, we are seeing fewer bridge projects, continued strain on a system that is overcapacity, and experimental funding approaches involving public private partnerships and asset leases that respond in a piecemeal way, but do not reflect a real solution and address the systemic issues.

Mr. Chairman, we support the goals of your bill, H.R. 3999 which responds to the problems our industry is directly experiencing. Further, as your committee prepares to draft reauthorization legislation next year and as the Congress considers economic stimulus legislation, the NSBA would like to make three recommendations.

First, use this opportunity created by a new Administration and economic crisis to rethink our Federal-aid system and bring new focus to a national campaign to bring the United States transportation systems back to a leadership position. The competitive changes in the world economy demand it.

Second, accelerate the process so that federal funds get to work faster and projects go out to bid sooner. Our present system is not designed to move quickly unless there is a disaster. Then we see how long it really takes for a project to be completed. The accelerated timeline should be the norm not the reverse. We strongly recommend adding incentives or requirements on states to spend the federal money faster and put projects out to bid. This is critical for any stimulus bill, but should be part of reauthorization as well. Additionally, acceleration in the project timeline will limit the time between bid and construction and lessen the impact on total project cost due to the volatility in raw material prices. In the world we live in now, with an increased worldwide demand on construction materials, longer project times increase the impact of raw material price increases between project bid and actual construction on total project cost.

Third, as you consider alternative funding mechanisms like tolling and public private partnerships, do not relinquish federal jurisdiction and rules governing construction and safety. These roads and bridges are public assets serving very fundamental public purpose. Their operation and maintenance cannot be driven by the boom and bust cycle of international markets that we are experiencing today.

Mr. Chairman, on behalf of the National Steel Bridge Alliance, let me express our deep appreciation for your leadership and desire to work with you and members of the committee as you tackle this critical challenge in the months ahead. Our country's infrastructure is the backbone of our economy. We have reached a time in our nation's history where we are experiencing global economic challenges with an infrastructure system that is falling behind the standards of our competitors. To remain competitive, we must be able to move people and goods safely, rapidly, and efficiently. That can only come from a committed and sustained investment.

I appreciate the opportunity to present our testimony today and look forward to working with you.

NATIONAL STONE, SAND & GRAVEL ASSOCIATION

Natural building blocks for quality of life

TESTIMONY OF

JENNIFER JOY WILSON
PRESIDENT & CEO
NATIONAL STONE, SAND & GRAVEL ASSOCIATION

Submitted to the

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES

For a Hearing On
INVESTING IN INFRASTRUCTURE: THE ROAD TO RECOVERY

October 29, 2008

Mr. Chairman, Ranking Member Mica and Members of the Committee:

Thank you for the opportunity to offer testimony on behalf of the members of the National Stone, Sand & Gravel Association (NSSGA) to the Committee on Transportation and Infrastructure on the very important issue of how investment in our nation's infrastructure is essential to the nation's economic stability and growth. Our members support a second economic stimulus with inclusion of a significant transportation infrastructure component. We thank you, Mr. Chairman, for your continued advocacy for including transportation infrastructure investment in economic stimulus packages.

NSSGA represents the crushed stone, sand and gravel – or construction aggregates – industries. Our member companies produce more than 90 percent of the crushed stone and 70 percent of the sand and gravel consumed annually in the United States. Nearly 3 billion metric tons of aggregates were produced in 2007 at a value of approximately $21 billion, contributing $38 billion to the GDP of the country. Every $1 million in aggregate sales creates 19.5 jobs, and every dollar of industry output returns $1.58 to the economy. The aggregates industry workforce is composed of 118,000 dedicated and hard-working men and women.

There are more than 10,000 construction aggregate operations nationwide. Virtually every congressional district is home to a crushed stone, sand or gravel operation. Proximity to market is critical due to high transportation costs, so 70 percent of our nation's counties include an aggregates operation.

Aggregates are a base material that mostly we don't think about, but which is essential to the built environment, whether horizontal or vertical. Construction aggregates are used primarily in asphalt and concrete. Ninety-four percent of asphalt pavement is aggregate; 80 percent of concrete is aggregate, whether pavement or buildings, dams, and sewage treatment plants. Every person uses about 10 tons of aggregates annually in America. Every mile of interstate contains 38,000 tons of aggregates; about 400 tons of aggregates are used in construction of the average home.

Like other construction industries, the economic downturn has rippled outward and affected our members. Aggregate production in down double digits in some areas of the country and many are having to lay-off employees for the first time in their history. Because the economic health of the country relies heavily on a transportation system to move people and products and for every $1 billion invested it is estimated 35,000 jobs are created, it is imperative that Congress pass a second economic stimulus package that includes a transportation component.

The bridge collapse last year in Minneapolis was a vivid and tragic example of our nation's crumbling infrastructure and a potential economic growth barrier as people and product delivery were impaired. The National Surface Transportation Policy and Revenue Study Commission report issue in Jan. chronicled the increasing needs of the nation's surface transportation infrastructure. As our transportation system chokes on congestion, costing the economy $78 billion annually in lost time, fuel and crashes -- approximately one-third of which are attributable to road conditions draining an additional $220 billion -- the long-term health of the economy is in jeopardy.

Earlier this year, the state departments of transportation identified more than 3,000 highway projects totaling approximately $18 billion that could be implemented in 30 to 90 days from enactment of federal economic stimulus legislation. By targeting economic stimulus funding to these "ready-to-go" projects, as well as resurfacing projects, the Committee will get money to the states which will provide short-term economic boost by putting thousands of people to work. Also, we must ensure as the package is developed that the states are consulted to determine if the federal/state matching requirement is an impediment to project initiation.

To those who argue that transportation infrastructure investment will not provide economic stimulus because it takes too long to get projects started, I refer you to the testimony presented to the committee by a member of NSSGA and the third largest aggregate producer in the U.S., Doug Black, CEO, Oldcastle Materials, who testified to the Committee that highway projects can be bid, let and work initiated very quickly. Mr. Black cited a $3.5 million two-lane highway mill and fill resurfacing project in Utah that his company completed in 75 days. This project involved repaving 4.4 miles of road with 30,000 tons of asphalt. An almost five-mile stretch of highway in Utah is now has a new, smoother, and most importantly, safer stretch of highway. And, Oldcastle completed another similar $3.8 million project in Utah this summer. Just imagine if projects like this were begun across the nation. These short-term projects would provide needed improvements to our nation's transportation infrastructure at the same time providing jobs and long-term economic value.

Our surface transportation system is the backbone of the nation's economy. It is, however, old and at capacity. According to figures released this year, 33 percent of America's major roads are in poor or mediocre condition. Twenty-six percent of

America's bridges are structurally deficient or functionally obsolete. It is time for Congress to address this growing problem before the economy is irreparably harmed.

Roads, however, do not just allow motorists to travel from one point to another. A smooth flowing transportation system allows Americans to go where they want to go and live where they want to live – the freedom of mobility that we all hold dear. Unfortunately, too many Americans lose their lives on the roads each year. According to The Road Information Project, one-third of all highway deaths are attributable to poor road conditions. This means that in 2006 over 12,900 moms, dads, sons, daughters, brothers and sisters did not make it home safe and sound. The tragic part is we can fix road conditions. While the total number of deaths has remained level over the past few years, still too many people die. It is time for Congress to be a part of the solution and help fix our roadways to make them safer.

The expiration of the current surface transportation law next year offers an opportunity to develop a new vision of transportation for the 21st Century. In the meantime, Congress can begin by investing in transportation infrastructure as part of a second economic stimulus package which will create jobs, make needed improvements in roads and highways, boost the economy and provide long-term economic value.

Thank you for the opportunity to comment on this very important issue.

* * *

NAVAJO COUNTY

Board of Supervisors

• Percy Deal • Jesse Thompson • J.R. DeSpain • David Tenney • Jerry Brownlow•

"Proudly Serving, Continuously Improving"

November 26, 2008

Testimony of Navajo County Board of Supervisors
Navajo County, Arizona
to the
Transportation and Infrastructure Committee, U.S. House of Representatives
November 19, 2008

Thank you Chairman Oberstar, Ranking Member Mica, and distinguished Members of the Committee for this opportunity to submit testimony for the record of your October 29, 2008 hearing, "Investing in Infrastructure: The Road to Recovery." As officials of a large county in Northern Arizona that includes the Navajo, Hopi and White Mountain Apache reservations, we respectfully deliver to you the plea of our tribal residents, whose need for jobs and roads the federal government has long ignored—"Help Us!" This plea was the headline of Navajo's local newspaper on February 28, 2008, when residents of the Black Mesa community became stranded for days that turned into weeks after winter weather transformed Bureau of Indian Affairs' (BIA) dirt roads into impassable mud bogs.

When school buses get stuck and elders get stranded, they call us for help because, in their experience, BIA does not come to their rescue. Yet BIA officials include these roads among the inventory they use to justify the funding they ask from Congress each year, while counties like ours foot the bill for the emergency services that are the cost of the agency's negligence. Navajo County has spent more than $5 million of local revenues in recent years to provide routine and emergency dirt road maintenance on the Navajo and Hopi reservations. We cannot continue to do so indefinitely, especially with our local economy now struggling with a 10.3% unemployment rate that is 5.3 percent higher than our unemployment rate last year.

We need Congress to help us help the most vulnerable among us—Navajo and Hopi children and elders who have, for generations, been hostage to federal indifference. This indifference created 8,000 miles of unmaintained primitive roads that lead not to economic recovery, but to the kind of grinding poverty that results when bureaucratic incompetence meets a third world infrastructure that is shocking within these United States of America. We are providing to you photographs of reservation dirt roads for which our county has provided emergency maintenance and rescue services. They are Indian School Bus Routes that we are confident none of you would allow your children to ride.

The road to recovery is different on the Navajo and Hopi reservations than most other American communities because the road is unpaved. The kinds of jobs we need to improve the transportation infrastructure of our county residents who live on these

• 928.524.4000 • Fax: 928.524.4239 • P.O. Box 668 • Holbrook, AZ 86025 •
• ncbos@navajocountyaz.gov • www.navajocountyaz.gov •

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Board of Supervisors
• Percy Deal • Jesse Thompson • J.R. DeSpain • David Tenney • Jerry Brownlow•
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reservations involve dirt road maintenance, rather than black top construction. We need crowns, gravel and culverts to transform these routes, which resemble below-ground canals after rain or snow, into all-weather access roads.

Dirt road maintenance on the Navajo and Hopi reservations would provide relief for users, and cost efficiencies for tax payers. As this Committee is well aware, the rule of thumb for paving is generally $2.5 million dollars per mile. Contrast that with the cost of modern dirt road maintenance, which is just $50,000 per mile. Your tribal trustees deserve at least that much, and the cost of doing nothing is far higher. Looking at the pictures we have provided, you can see that it is a miracle that a busload of children who are riding in a BIA school bus, to a BIA school, on a BIA road, have not yet gone over a cliff's edge due to wash outs and erosion that are the result of the BIA's refusal to perform dirt road maintenance.

Neither BIA nor Congress has yet responded to our tribal resident's plea to "Help Us!" We implore you to recognize their cry, which is the alarm of an ongoing emergency that won't go away and is costing us millions of dollars each year. The Navajo County Board of Supervisors respectfully requests that Congress:

1. Authorize Navajo County to be eligible to apply for Federal Highway's Emergency Relief for Federally Owned Roads program (ERFO) to get reimbursed for county revenues spent on federal road facilities when the President of the Navajo Nation has declared a State of Emergency. Under current law, as the federal land agency, BIA is the only party eligible to apply for emergency road relief on Indian reservations. The BIA's Navajo Regional Office never does;

2. Increase funding of the Indian School Bus Route Maintenance Program from its current authorization of $1.6 million annually to $5 million annually. SAFETEA-LU authorized this program to address the unique challenges of getting Navajo students to school on roads that are little more than wagon trails. Its funds are split equally between Arizona, New Mexico and Utah Departments of Transportation, which in turn distribute shares to counties within the Navajo reservation. Navajo County currently receives only $100,000 each year, which is an amount that is profoundly inadequate to deal with the unmet need of the roads on which our children travel; and

3. Set aside $6 million of Indian Reservation Road Program funds for the construction of two road maintenance facilities on the Navajo reservation that are essential to the performance of dirt road maintenance activities. Navajo County and Navajo Department of Transportation have already entered into a Memorandum of Agreement, and pledged $3.2 million of their own revenues, to partner on this project. In addition, the tribe has already withdrawn land and purchased the equipment for these facilities, while the County has purchased architectural designs and begun pre-construction planning. This is

• 928.524.4000 • Fax: 928.524.4239 • P.O. Box 668 • Holbrook, AZ 86025 •
•ncbos@navajocountyaz.gov • www.navajocountyaz.gov •

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a construction-ready project that will create hundreds of jobs for a tribe with a 42.16% unemployment rate and a County that has lost hundreds of construction jobs in recent months.

This is an excellent opportunity to create jobs and roads in an area of the country for which the federal government has a trust responsibility that it neglects. As County Supervisors, we are committed to ensuring that our residents who live on the reservation have an ability to get their kids to school.

• 928.524.4000 • Fax: 928.524.4239 • P.O. Box 668 • Holbrook, AZ 86025 •
•ncbos@navajocountyaz.gov • www.navajocountyaz.gov •

EMERGENCY EXIT
CT NO 4
2006 8 8


SCHOOL BUS

Comments of

TODD SPENCER
EXECUTIVE VICE PRESIDENT
OWNER-OPERATOR INDEPENDENT DRIVERS ASSOCIATION

For the Record

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES

Regarding

"INVESTING IN INFRASTRUCTURE: THE ROAD TO RECOVERY"
Committee Hearing
Wednesday, October 29, 2008

****

Submitted by

Owner-Operator Independent Drivers Association
1 NW OOIDA Drive
Grain Valley, Missouri 64029
Phone: (816) 229-5791
Fax: (816) 427-4468

Chairman Oberstar and Ranking Member Mica, thank you for the opportunity to provide testimony to your Committee regarding the benefits of including infrastructure investments in any economic stimulus legislation the Congress may consider over the next few months. I am pleased to provide you with some perspective from America's small business, long-haul truckers, one of the groups hardest hit by the downturn in our nation's economy.

TRUCKING IN 2008

As you know, the Owner-Operator Independent Drivers Association (OOIDA) has represented the interests of small business truckers and professional drivers for over 35 years. Currently, there are more than 160,000 OOIDA members nationwide who collectively own and operate more than 260,000 individual heavy-duty trucks.

Owner-operators represent nearly half of the total number of Class 7 and Class 8 trucks operated in the United States. In fact, the majority of trucking in this country is small business, as 96% of all carriers have less than 20 trucks in their fleet and 86% of carriers have fleets of just 6 or fewer trucks. In all, trucks account for the movement of 69 percent of all goods transported in the U.S., and are the exclusive providers of goods to 75 percent of American communities. With the aforementioned facts considered, it is certainly not a stretch to say that small business trucking is quite literally the backbone of our nation's economy.

Unfortunately, the small business trucking community must pay a high price as they endeavor to deliver our goods to market and transport products needed in our just-in-time manufacturing economy – record high diesel fuel costs, a labyrinth of taxes, ever increasing tolls and costs associated with safety and environmental regulations amongst other things. This continued "piling on" has exacted a tremendous toll on truckers, so much so that thousands have been forced to close their businesses and park their rigs.

An economic analysis of the trucking industry released by Avondale Partners, LLC on October 27, 2008 entitled, "***Trucking: Still Driving Into the Ditch – Record Number of Trucks Exit Highways in 2008***" paints a grim picture of our nation's trucking industry. The economic analysis delivered by Avondale Partners concluded, "***Never have more trucks been pulled off the road in a shorter period of time than in the first three quarters of this year.***"

The review continued, "***We estimate that over 39,000 trucks, making up 2.0% of the nation's over the road heavy duty truck capacity was idled in the 3rd quarter of 2008. This is a rate almost 50% higher than last year's third quarter and brings total failures for 2008 to over 127,000 trucks or 6.5% of the nation's capacity.***"

In terms of trucking company failures, during the 3rd quarter of the year, 785 trucking companies closed shop. This is on top of the 935 failures in the 1st quarter, followed 970 failures in the 2nd quarter, for a total of **more than 2,690 trucking company failures in 2008**. As astonishing as this data may be, it is not even the complete picture. The Avondale Partners' data only accounts for trucking companies with fleets of five or more trucks. Thousands of owner-operators and smaller fleet carriers who also failed in that same time period are not directly tracked by government or private sector analysts. We estimate the additional number of trucking company failures to be well into the thousands.

INFRASTRUCTURE FINANCING:

The Interstate Highway System has been a major factor in boosting the United States of America to its present position of international economic dominance. It has been a central element of a coordinated infrastructure network that provides the country with the ability to efficiently move people and resources to workplaces and finished products to consumers with ever-increasing speed and reliability. The resulting economic activity has created a quality of life that is envied throughout the world.

The future of our Nation's economy hinges upon the availability of a seamless transportation network, which even more so today than in the past relies on a reliable network of highways. Some may have you believe that you can put everything on the rails, but we all know that rail infrastructure is very expensive to build out, especially if taxpayers are made to foot the bill for it. And not everything can go on a plane or boat. The reality is that our Nation's highway network must be built to keep up with the world economy. Other countries are investing mightily in their infrastructure. We must match that investment, and press for a greater emphasis on transportation and highway funding in the future, some of which may have to be borne by the General Fund of the U.S. Treasury, as infrastructure investment is a benefit to all, not just those that use the highways, the rails, the skies, or the waterways.

We realize that there is no *"silver bullet"* to the economic crisis that we find ourselves facing. We do not know whether this will be a short-term or long-term proposition and recovery, but as past history has told us building infrastructure has always been a safe place to start. We can argue 'til the cows come home, how many jobs a billion dollars in investment in infrastructure will bring to our country. But we cannot argue the point that at this time in our Nation's history, with the fierce competition in the global marketplace, the rise of China, India and Russia, along with other developing countries, that an investment in infrastructure is a sturdy investment in the future of our country.

We also realize that States are not on good financial footing these days. And many states require balanced budgets – which we do not oppose, as it helps to reign in excessive, mis-directed spending, especially with what are supposed to be infrastructure dollars. At this critical time in our Nation's history, these states are looking for leadership from the Federal Government and Congress. Unfortunately, the current Administration has not provided the leadership that states have been looking for, instead promoting a philosophy of *"you're on your own"*. Without strong Federal leadership, OOIDA Members are concerned that States will instead turn to ill-fated maneuvers to sell off existing infrastructure, or toll existing interstates with long-term agreements, going to the highest bidder, and having a devastating financial impact on generations to come. This network of highways would run counter to what President Eisenhower envisioned. It would instead create a patchwork of private toll roads all over the country, erecting barriers and impeding interstate commerce. These policies would make our Nation less competitive in the global marketplace.

Trucking, although being hammered by today's economy, will always remain the primary method of getting goods delivered to market. Truckers are Americans first, and they are willing to sacrifice – and they do sacrifice a great deal. But truckers deserve to be viewed from the position that they drive this economy, and should not be treated as a cash cow or easy place to create more onerous regulations. Now is not the time to saddle them with more taxes, more tolls, and more regulation. Now is the time to give them a tailwind, to keep our country moving, building, on a path to future economic growth. Now is the time to invest in our Nation's highway infrastructure.

OOIDA & FUTURE HIGHWAY FUNDING

As you have heard me say time and time again, the professional truckers that we represent are hard working men and women that drive more than 115,000 miles per year, adding up to almost 3 million miles in a lifetime, and spend 240 nights of the year away from home. Small business truckers typically pay well in excess of $10,000 in federal taxes, and state taxes of more than $6,000 per truck, per year. This amount of taxes equates to close to half of the annual net income of the average truck driver.

Additionally, OOIDA Members and other trucking companies make a significant financial contribution to federal and state government transportation funds through a combination of taxes. Taxes paid into the Federal Highway Trust Fund include a 24.4 cent per gallon federal diesel fuel tax, 12% excise taxes on the purchase of a truck or trailer, weight mileage tax (Heavy Vehicle Use Tax – HVUT), and tire taxes. And although heavy-duty trucks account for only 7 percent of our nation's highway traffic (vehicle miles traveled, according to the U.S. Department of Transportation), we contribute more than 36% of the money going into the Federal Highway Trust Fund.

Furthermore, truckers must pay state fuel taxes, weight mileage taxes, licensing and registration fees, and whether the truck is base-plated in another state or not, they pay taxes on each mile they drive in each state, and may pay an annualized percentage of their base-plate fees depending upon the miles they run in a particular state.

What is clear is that truckers **are** paying their fair share when it comes to our Nation's infrastructure needs. If, in the future, truckers are asked to pay even more into Federal and State coffers to cover the prices of relieving congestion and building and maintaining our infrastructure, we certainly will want and need assurance that their hard-earned dollars are used for their intended purpose, not on wasteful projects that do little for our Nation's economy and highways.

The OOIDA Board of Directors has been clear, as they continue to look at potential policies in advance of the reauthorization of the Highway Funding Bill in 2009. These small business trucking professionals know first-hand that America's economic future and ability to compete in the global marketplace relies on the existence of a safe, secure, seamless, reliable, and efficient national highway system. OOIDA recognizes the success of the Eisenhower Interstate Highway System, and has not shared the current Administration's view that the Interstate Highway System is complete, and therefore the federal role should be limited or eliminated. Instead, OOIDA believes there is an inherent government role and it is incumbent upon the federal government and elected officials to begin actively planning for an improved highway network that will meet the needs of our country for the next 50 years. We applaud this 110th Congress, and the leadership of the T&I Committee for beginning that discussion in the past months leading into the 111th Congress.

As the "funding debate" continues in the Congress, it should be noted that OOIDA remains committed to the fuel tax as the primary way to fund highways. Some will say that because vehicles are getting better miles per gallon (trucks certainly are not), there are more hybrid vehicles on the road (yes, but how dramatic is that impact on the trust fund?), and people are driving less (true, but a Vehicle Mile Tax, VMT, will be tied to this as well), that we need to move to another system of taxation. Maybe down the road, but it is foolish to think that a VMT could be implemented tomorrow.

To help with funding, Congress and DOT should reign in spending on non-highway related projects, demand more thorough program oversight and public disclosure of federal spending, streamline environmental regulations, and fund transit programs and DOT agencies from alternate sources, or from the General Fund versus the Highway Trust Fund.

OOIDA believes that there may be an important, yet limited role for the private sector to assist the public sector in better managing and maintaining current assets without relinquishing control of those infrastructure assets. OOIDA believes there are contributions the private sector can make that will assist federal, state and local governments in better assessing the true nature and needs of our nation's infrastructure. OOIDA adamantly opposes the sale or lease of existing roads and efforts to convert non-tolled roads into toll facilities. With toll roads in mind, OOIDA recommends that the next highway bill contain a provision requiring that highway users be reimbursed for any state and federal taxes they pay on miles driven on any existing toll roads or future toll roads. Tolls are taxes, and paying both tolls and fuel taxes amounts to double taxation. OOIDA is willing to support the private sector involvement in "Greenfield projects" provided the project is developed in a transparent manner, involves significant input from highway users, adds to existing capacity in an effort to relieve congestion, provides choice for users, removes fees once the project is paid for, and considers state and local land rights, while limiting government taxpayer resources used to support private sector endeavors. Finally, on this point, private sector expertise should be harnessed to provide transit with resources necessary to build, expand, maintain, and manage aging, and oftentimes mismanaged transit agencies, during this time of ever-increasing ridership.

OOIDA is a member of the board of the American Highway Users Alliance, and has been engaged in the formation of the ***Americans for a Strong National Highway Network*** – a coalition of national organizations representing a full range of highway users that are working together to oppose the outright sale of public highways to private companies, while also working to identify viable funding solutions for our nation's infrastructure needs.

We strongly support the Committee's action to ensure our Nation is appropriately investing in our transportation infrastructure. Every dollar invested in infrastructure is a dollar invested in stimulating our economy by growing jobs and growing infrastructure, all of which will lead to the more efficient transportation of goods and people, and ultimately creating a more robust economy.

We applaud the Committee on Transportation & Infrastructure for taking time out of their busy election year schedule to conduct this very important hearing. We stand ready to be helpful as this conversation continues in November, into a new Administration, and leading up to the Highway Authorization bill in the 111th Congress.

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City of Pico Rivera
OFFICE OF THE CITY MANAGER
6615 Passons Boulevard · Pico Rivera, California 90660
(562) 801-4368
web: www.pico-rivera.org · e-mail: prcm@pico-rivera.org

Charles P. Fuentes
City Manager

October 27, 2009

The Honorable Grace Flores Napolitano
1610 Longworth HOB
United States House of Representatives
Washington, DC 20515-0538

Dear Congresswoman Napolitano:

It has come to our attention that Congress is considering enacting a second stimulus measure that will target critical infrastructure projects where construction work can commence within 120 days of enactment. The City of Pico Rivera, California, has just such a project which we would like to commend for your consideration.

Rosemead Boulevard is a heavily traveled regional transportation route and a major thoroughfare through Pico Rivera, as well as surrounding communities such as South El Monte and Downey. It serves as a truck route for much of the north/south Los Angeles corridor and provides access to U.S. Interstate's 5, 10 and 105, as well as California Route's 60 and 91 freeways and has an average daily vehicular volume of approximately 125,000.

Heavy storms in October 2004 damaged concrete slope panels on Rosemead, which affected the ability of existing drainage facilities to prevent flooding, which could close Rosemead Boulevard at the Burlington Northern Santa Fe (BNSF) Grade Separation. Such a closure would have a disastrous economic impact on the region because of Rosemead's key location as truck route for much of the north/south Los Angeles corridor, starting in Long Beach and ending in Pasadena.

Moreover, any significant failure of the grade separation slope walls may also cause interruption of the critical overhead Alameda Corridor-East route on the BNSF railway tracks. Structural engineers have recently determined substantial erosion on the overpass pylons.

The City of Pico Rivera has already spent over $1 million for short-term repairs, but long-term repairs are absolutely essential. The City is prepared to commence the constructing of new grading, surface and sub-surface drainage facilities and other improvements on Rosemead to prevent damage to existing infrastructure within the short time line envisioned by the proposed legislation.

Honorable Grace Flores Napolitano
Page 2
October 27, 2008

We would be extremely grateful if you could advocate for this Rosemead Boulevard project as part of the proposed stimulus legislation, not just on behalf of the City of Pico Rivera, but the surrounding communities and the region which depend on this vital transit corridor remaining open.

Not only will the construction help with the economic recovery, but these repairs will prevent what otherwise could be a devastating economic blow to the region if Rosemead Boulevard should have to close because these dangerous conditions are not addressed.

Sincerely,

Charles P. Fuentes

CHARLES P. FUENTES
City Manager

CPF:mm

rails-to-trails conservancy

National Headquarters
2121 Ward Court, NW, 5th Floor
Washington, DC 20037

tel 202.331.9696
fax 202.223.9257

www.railstotrails.org

November 13, 2008

Written Testimony of Rails-to-Trails Conservancy
To the Transportation and Infrastructure Committee of the U.S. House of Representatives
Regarding Economic Recovery Legislation
Submitted by Kevin Mills, Vice President of Policy

Bicycle, pedestrian and trail projects should be a mainstay of any economic recovery package that includes infrastructure investments. Rails-to-Trails Conservancy and allied groups have identified $1.2 billion in "active transportation" projects that are ready to be built and could provide many tens of thousands of jobs. Accelerating bicycle and pedestrian projects is a cost-effective strategy to stimulate immediate jobs and deliver substantial ongoing economic benefits. Further, these investments would provide affordable, clean and healthy transportation options to those who lack choices to avoid the high costs of driving.

While Congress has adopted the view that infrastructure projects are a critical element of a new economic recovery package, there is not yet a balanced set of transportation projects under consideration. Building rail-trails and other bicycle and pedestrian infrastructure create as many or more jobs per dollar as constructing other transportation projects. And trail projects will more directly support Main Street.

Compared to large road projects, decisions about trails are made closer to home and a wider range of smaller contractors engage in the work. Projects are of a manageable scale so they tend to be easier to ramp up quickly. Further, trail projects provide green jobs and can be more labor intensive than highway projects that have relatively high material costs.

To make the most of public dollars, it is important to prioritize investments that deliver ongoing economic benefits. Active transportation infrastructure offers a competitive return on investment and furthers the nation's interests by:

- Bringing better balance to a transportation system that is overly dependent on driving for all length trips even though half of trips in America are within a 20 minute bicycle ride and a quarter are within a 20 minute walk. In 2008,

[1]

- Reducing oil dependence and greenhouse gas emissions. Bicycling and walking now account for nearly 10% of trips in America. Raising this share of trips modestly to13% would save $10 billion annually in fuel and CO2 emissions.[2]

- Reducing health costs by increasing physical activity among those who do not currently meet levels recommended by the Center for Disease Control. Conservatively, this could save $420 million annually in health care costs.[3]

Across the country, communities have identified compelling opportunities to put people to work building active transportation infrastructure that furthers other national interests at the same time. America Bikes has identified more than 400 ready-to-go bicycle, pedestrian and trail projects at a total cost of $1.2 billion. These projects offer a highly cost-effective and leveraged opportunity to create jobs across the nation while building healthier and more economically resilient communities.

Rails-to-Trails Conservancy urges Congress to refocus the economic recovery package on a balanced set of transportation projects that explicitly includes a robust investment in bicycling and walking infrastructure. Prioritizing active transportation systems will help America move in the right direction economically today and tomorrow. H.R. 7110 is a missed opportunity because it lacks an explicit allocation for bicycling and walking, and transportation funds under that bill are likely to be used predominantly for road work. A new emphasis on active transportation will create jobs while also helping to reduce oil dependence, cut greenhouse gas emissions, improve public health, enable those who cannot drive to get where they are going safely, and insulate Americans from future gas price shocks.

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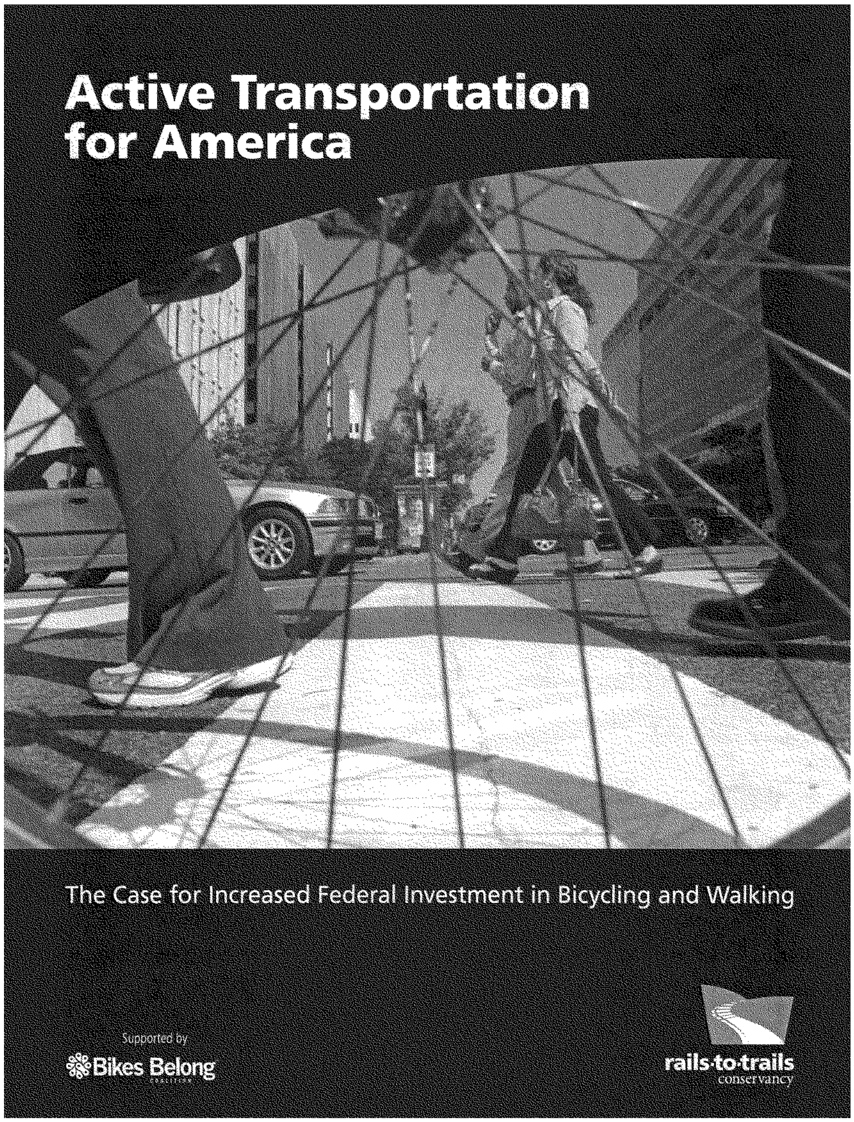
[1] E.g., electronic trip counters on the Midtown Greenway in Minneapolis showed a 30% increase in bicycle traffic in 2008 over 2007. Active Transportation for America, p. 17, Rails-to-Trails Conservancy, 2008 (attached).
[2] Id., page 38.
[3] Id.


Active Transportation
for America
The Case for Increased Federal Investment in Bicycling and Walking
Supported by
Bikes Belong
rails-to-trails
conservancy

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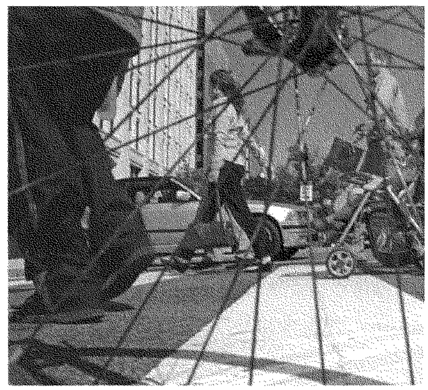

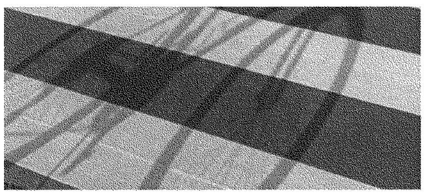

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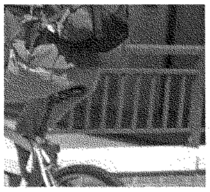

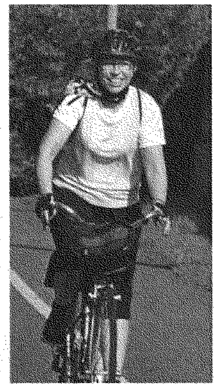

With generous funding from

Bikes Belong Coalition

Authors. Thomas Gotschi, Ph.D. and Kevin Mills, J.D.

"Active Transportation for America" was written and produced by **Rails-to-Trails Conservancy**, whose mission it is to create a nationwide network of trails from former rail lines and connecting corridors to build healthier places for healthier people. Rails-to-Trails Conservancy is a national non-profit with more than 100,000 members and supporters, providing trail-building education, research, advocacy and technical assistance since 1986. To learn more about Rails-to-Trails Conservancy and its role in making trails, walking and biking a part of the national transportation solution, visit www.railstotrails.org.

Bikes Belong Coalition is the U.S. bicycle industry organization dedicated to putting more people on bicycles more often. Bikes Belong works to increase federal bike funding, awards grants to support innovative bike projects, promotes bicycling and its benefits, and backs crucial national efforts such as Safe Routes to School, Bicycle Friendly Communities, and the National Bike Summit. The affiliated Bikes Belong Foundation focuses on improving bicycle safety and enhancing children's bike programs.

We wish also to thank the following for their generous support of this report: Bobolink Foundation, Pat Jones, and Dick and Lisa Cashin.

Acknowledgements. Beth Zgoda, Bryce Hall, Barbara Richey, Jennifer Kaleba, Kartik Sribarra, Keith Laughlin, Marianne Fowler

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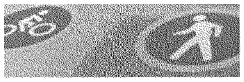

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EXECUTIVE SUMMARY

In this era of traffic congestion, high gas prices, climate change, an obesity epidemic, and fiscal constraints, federal transportation funding has reached a critical crossroads.

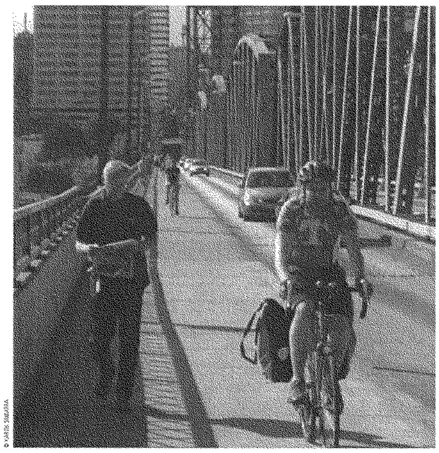
Decades of car-centered transportation policies have dead-ended in chronic congestion, crippling gas bills, and a highly inefficient transportation system that offers only one answer to most of our mobility needs—the car.

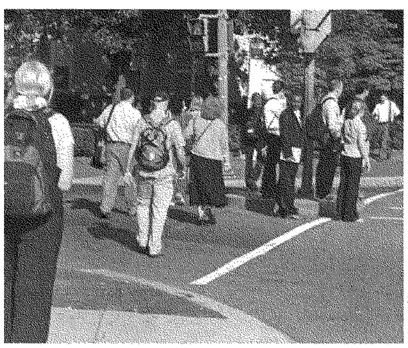
Investment now in a more diverse transportation system—one that provides viable choices to walk and bike, and use public transportation in addition to driving—will lead to a far more efficient use of transportation resources.

Active transportation is the missing piece in our transportation system.

Half of the trips in America can be completed within a 20-minute bike ride, and a quarter of trips are within a 20-minute walk. Yet, the vast majority of these short trips are taken by automobile. Bicycling and walking can also improve public transportation by providing fast and well-planned access to it. Given the availability of safe and convenient infrastructure, more people will choose bicycling or walking for short trips and in combination with public transportation for longer trips. Further, communities conducive to bicycling and walking promote a richer and denser mix of residences and businesses, leading to shorter trip distances, even for those who drive.

But the advantages of bicycling and walking reach beyond transportation alone. Savings in fuel costs, a smaller carbon foot print, and a practical way to achieve recommended levels of





physical activity are among the benefits that make active transportation an irresistible all-in-one package.

This report quantifies, for the first time, the benefits that America can expect from elevating the priority of bicycling and walking in our nation's transportation system. This case statement for increased investment in bicycling and walking infrastructure evaluates benefits in the areas of transportation, oil dependence, climate change, and public health, and puts dollar estimates to the economic value of these benefits. Benefits from bicycling and walking are quantified for the status quo, and for prospective increases in bicycling and walking under a Modest Scenario and a Substantial Scenario for the future. The analysis concludes that modest increases in bicycling and walking could lead to an annual reduction of 70 billion miles of automobile travel. More substantial increases could lead to the avoidance of 200 billion miles per year (see textbox on page 5).

This volume of decreased auto travel is equivalent to cutting oil dependence and greenhouse gas emissions from passenger vehicles by 3 percent (Modest Scenario) to 8 percent (Substantial Scenario). For gas-electric hybrid cars to match this impact, their share in the U.S. passenger vehicle fleet would need to increase from currently less than 1 percent, to 8 percent under the Modest Scenario, or more than 20 percent under the Substantial Scenario.

Bicycling and walking also portend tremendous benefits for Americans' health. Because transportation is a routine in which we all engage, active transportation has great potential to increase our levels of physical activity and help reverse current obesity trends. Modest increases in bicycling and walking for short trips could provide enough exercise for 50 million inactive Americans to meet recommended activity levels, erasing a sizeable chunk of America's activity deficit.

The financial value of improved mobility, fuel savings, greenhouse gas reductions, and health care savings amounts to more than $10 billion annually under our Modest Scenario. For the Substantial Scenario, benefits would add up to more than $65 billion every year. These benefits dwarf historic spending for bicycling and walking which was $453 million per year for 2005–2007 under SAFETEA-LU, and a mere $4.5 billion cumulative federal investment in these modes since 1992, when bicycling and walking first received documentable federal funding.

This analysis does not include several less easily quantified, but undeniably valuable additional benefits derived from investment in bicycle and pedestrian infrastructure, such as increases in real estate values; economic stimulus from infrastructure construction and businesses profiting from pedestrians and bicyclists; time savings by pedestrians and cyclists, as well as drivers on less congested roads; increased productivity due to improved health, and general gains in quality of life and more livable communities.

For the price of a single mile of a four-lane urban highway, approximately $50 million, hundreds of miles of bicycle and pedestrian infrastructure can be built, an investment that could complete an entire network of active transportation facilities for a mid-sized city.

Reliable estimates of the costs of investment to achieve a certain mode shift towards bicycling and walking nationwide are not available because tracking of spending and travel data has been insufficient. On a local level, however, there is ample quantitative

evidence from places like Portland, Ore.,[1] Minneapolis, Minn.,[2] and California,[3] as well as from Europe[4] and Australia[5] that investment in safe and convenient bicycle and pedestrian infrastructure results in increased bicycling and walking. Portland, Ore., for example, has seen steady increases in bicycling to levels now five times higher than in 1990.

The enormous benefits from bicycling and walking justify federal expenditures at least several times greater than the status quo. Investment in bicycle and pedestrian infrastructure is a highly cost-effective means for meeting a sizable portion of our transportation needs, while positively contributing to the solution of important problems—such as oil dependence, climate change, and the obesity epidemic—that have been exacerbated by past transportation policies.

Given the great return on investment from active transportation, fiscally responsible federal transportation policy must strive to maximize the amount that Americans bicycle and walk. Given all the measurable and immeasurable benefits of bicycling and walking for the nation as a whole, as well as the improvement of individual quality of life, it becomes indisputable that Americans deserve the option of active transportation. It is time to give each American the choice to bicycle or walk by providing safe and convenient infrastructure that connects the places where we live, work, shop, learn and play.

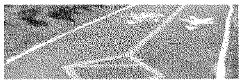
Summary of the Benefits from Bicycling and Walking Quantified in this Report

This report provides quantitative assessments and an overall estimation of the monetary value of the benefits of current and future bicycling and walking in the United States. The main premise of these calculations is that short trips of three miles or less, which currently make for about half of all trips taken in the United States, can, to some extent, be shifted from driving to bicycling and walking. This report does not quantify the costs of investment necessary to achieve future increases in bicycling and walking nationwide, but based on ample local experience,[1–5] costs would be relatively low compared to the resulting benefits.

Benefits from bicycling and walking are quantified in the areas of transportation, oil dependence, climate change, and public health. Benefits are quantified for the Status Quo (Mode share 9.6 percent), and for prospective increases in bicycling and walking under a Modest Scenario (13 percent) and a Substantial Scenario (25 percent) for the future. The Status Quo is exclusively based on direct benefits from short bicycling and walking trips, while the future scenarios in addition include secondary benefits from increasing the bicycling and walking mode share relative to the Status Quo.

Calculations and assumptions appear in four "Do the Math" textboxes throughout the report and use the same format of the following table. All figures presented on a nationwide basis.

Factor of Interest	Status Quo	Modest Scenario	Substantial Scenario
Avoided driving (billion miles per year)	23	69	199
Fuel savings (billion gallons per year)	1.4	3.8	10.3
CO_2 emission reductions (million tons per year)	12	33	91
Physical activity (average daily minutes per person)	3	5	9
Monetary value of the above benefits ($ billion per year)	**4.1**	**10.4**	**65.9**



INTRODUCTION

In its report "Transportation for Tomorrow," the National Surface Transportation Policy and Revenue Study Commission called for a "renewed commitment to serving the American people's need for a system that ensures unparalleled mobility, access, and safety."[6] But the Commission tried to construct the puzzle for achieving this worthy goal with critical pieces missing. Bicycling and walking were overlooked in the otherwise exhaustive report despite their importance to any comprehensive transportation policy that addresses traffic congestion, relief from high gas prices, and the growing challenges of climate change, expanding waist-lines and shrinking budgets.

Relatively small investments in bicycling and walking help to address all these transportation related problems. By making bicycling and walking—or "active transportation"—viable options for everyday travel, we can cost-effectively improve our mobility, protect our climate, enhance energy security and improve public health. Active transportation requires no technological break-throughs—just federal investment at levels befitting its potential contribution to America's well-being.

That potential is surprisingly substantial. This report broadly quantifies, for the first time, the benefits America can expect if bicycling and walking play more significant roles in our transportation system. It concludes that increases in federal investments to improve the convenience and safety of active transportation represent a highly cost-efficient use of public funds, producing a wide variety of benefits for all Americans.

There could not be a more a critical time for such a shift in federal transportation funding. For the past half-century, America has spent the overwhelming majority of its transportation resources building an extensive road system to facilitate travel by automobile. The resulting transportation system is so one-dimensional that it fails to meet all our mobility needs and creates major inefficiencies, such as an over-reliance on the automobile for even the shortest trips. Just as an ecosystem thrives on the interactions of a diverse web of life and a financial manager seeks a balanced portfolio of investments, transportation systems work best when there are multiple ways—or modes of transportation—to reach our destinations.

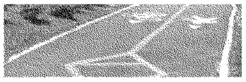
The unintended consequences of an automotive 'monoculture'—such as global climate change, oil dependence, and an unprecedented obesity epidemic—are now far too serious to ignore when developing national transportation policy.

A more diverse transportation system that provides viable choices to walk, bike and use public transportation, in addition to driving, will lead to a far more efficient use of transportation resources. By providing people with safe, convenient and affordable options, we enable all Americans to choose the means of transportation that best meets their needs and abilities for any given trip. As a result, more people will choose biking or walking for short trips, and in combination with public transportation for longer trips.

Americans want and need these choices. When asked how they would allocate transportation spending, Americans indicated that they would spend 22 percent of transportation funding on biking and walking infrastructure—about 15 times what is currently spent (see page 18). The time for reevaluating our nation's transportation system to support people's needs and desires is now.

Provided there are viable alternatives to driving, Americans are willing to change their travel habits, as the dramatic increases in gas prices in 2008 have shown. Every day, more commuters switch to public transportation, bicycling and walking in places where prior infrastructure investments have made these options safe and convenient. In a 2006 survey, the federal Non-motorized Transportation Pilot Program found that 28 percent of trips in Minneapolis, Minn., involve bicycling or walking.[23] Prior investment in urban trails and public transportation created the conditions to make this impressive use of active transportation possible. The Nonmotorized Transportation Pilot Program and high gas prices have combined to build on this success. In the summer of 2008, automatic counts of bicyclists on the Minneapolis Midtown Greenway showed a 30 percent increase over the same months in the previous year.[2]

Earlier, in Portland, Ore., the number of bicyclists increased five-fold over 15 years in response to a program which encouraged



Do the Math

How the Benefits from Bicycling and Walking are Quantified in this Report

In this report, benefits from bicycling and walking are quantified for the Status Quo, and for prospective increases in bicycling and walking under a Modest Scenario and a Substantial Scenario for the future. The Status Quo is based on trip length and travel mode data from the 2001 National Household Travel Survey.[7]

The nationwide mode share of bicycling and walking is currently about 10 percent. The Modest Scenario foresees that making bicycling and walking a higher priority in transportation policy will increase the mode share of bicycling and walking to 13 percent. Such a mode share is clearly below the levels of larger U.S. metropolitan areas with public transportation.[7] The Substantial Scenario assumes that bicycling and walking would receive substantially higher priority, eventually leading to a combined mode share of 25 percent. This mode share figure is clearly below the bicycle and pedestrian mode shares in several European countries, and comparable to those of select American cities. The Status Quo is exclusively based on direct benefits from short bicycling and walking trips, while the future scenarios also include secondary benefits from increasing bicycling and walking mode share relative to the Status Quo. The Modest Scenario also utilizes more conservative assumptions than the Substantial Scenario. For example, the Modest Scenario is based on the price of one gallon of gasoline of $3, whereas the Substantial Scenario assumes this cost to be $4.

The purpose of the scenario calculations is to demonstrate the benefits that would result from the mode share figures they are based on. As achieving these mode shares mainly depends on policy priorities, the scenarios do not lay out a timeline by which these levels of bicycling and walking would be reached.

Quantifications are on a per year basis nationwide. Calculations and assumptions appear in four "Do the Math" textboxes throughout the report and use the same format of the following table.

Factor of Interest	Status Quo	Modest Scenario	Substantial Scenario

A comprehensive assessment of all the benefits of bicycling and walking would be beyond the scope of this analysis. The following table shows which beneficial factors are considered in the calculations, and which ones are not quantified in this report:

Factor of Interest	Included	Not included
Shifting automobile trips to bicycling and walking Shifting automobile trips to public transportation Reduced trip distances due to induced mixed use	Trips of 3 miles or less Trips of 1 mile to 15 miles Trips of 1 mile to 15 miles	Trips of more than 3 miles Trips of more than 15 miles Trips of more than 15 miles
Congestion relief	Resulting fuel savings	Resulting time savings
Fuel savings	Based on current fleet average fuel economy of 20 mpg	Future improvements of fuel economy
Vehicle emissions	CO_2 emissions (climate)	Other air emissions, such as fine particles, nitrogen oxides and other smog forming pollutants
Health benefits	Benefits from increased physical activity	Increased safety and avoided death and injury Benefits from reduced air pollution
Economic benefits	Monetary value of the above factors (see below)	Economic stimulus from construction Boost for local businesses Increase in real estate values
Monetary valuation	Fuel cost savings, excluding 15% tax Future market based CO_2 reduction costs Health care savings among insufficiently active	Total costs of driving, including depreciation, insurance, and maintenance Reduced need for road capacity increase and maintenance Time savings from congestion relief Social costs of CO_2 beyond market price Health benefits among the sufficiently active, and beyond costs of health care (e.g., quality of life)

bicycling, and tripled the mileage of local trails and bikeways.[1] To choose the transportation mode that is most efficient for them, Americans need an attractive menu of transportation options.

Bicycling and walking should and will play a bigger role if we make it a priority to build active transportation systems, functional networks of bicycle lanes and boulevards, bicycle paths, shared-use trails and sidewalks, connecting the places where substantial numbers of people live, work, shop and play.

Half of the trips in America can be completed within a 20-minute bike ride, and a quarter of trips are within a 20-minute walk. Yet, the vast majority of these short trips are taken by automobile.[7] Active transportation offers a viable means to reduce driving—and associated congestion, oil dependence, air pollution, and greenhouse gas emissions—especially in synergy with public transportation and policies to encourage mixed-use development patterns. Bicycling and walking also offer a convenient and cost-effective way to integrate physical activity into daily routines, thereby helping Americans control their weight and improve their health.

For decades, governments have neglected the need for bicycle and pedestrian infrastructure. Further, the volume and speed of motorized traffic in many places has reached levels that make it difficult and dangerous to ride a bicycle or walk. But in those communities that provide access to convenient and safe facilities for bicycling and walking, people use them by the thousands.[1, 2, 8]

This report features numerous examples of how communities all over the country have, or plan to accommodate bicyclists and pedestrians. Portland, Ore., and Minneapolis, Minn., are referred to most often because in contrast to other places, these two cities have undertaken exceptional efforts to document their progress in the promotion of bicycling and walking.

This report is a call to action. The choice is clear. The time has come for a truly multi-modal transportation policy; a policy that recognizes that driving is not always the quickest, cheapest, cleanest, healthiest—or only—way to get from Point A to Point B. By investing in transportation systems that also offer the options of bicycling, walking and public transportation, we can meet our mobility needs while also reducing our oil dependence, greenhouse gas emissions and obesity rates.

But just as importantly, transportation systems should enhance our quality of life. There is great joy in a child learning to ride a bicycle or the independence of senior citizens taking a walk to run errands and see friends. We cannot lose sight of the fact that transportation should be about people and the places they live, not just the movement of vehicles.

Bicycle and Pedestrian Infrastructure Examples

Pedestrian Infrastructure
- Sidewalks and walkways
- Marked crosswalks and enhancements
- Street furniture/walking environment
- Pedestrian overpasses/underpasses
- Curb ramps
- Transit stop treatments
- Roadway lighting improvements

Bicycling Infrastructure
- **On-Street Facilities**
  - Bike lanes
  - "Bicycle boulevards"
  - Wide outside lanes
  - Signed shared roadways
  - Paved shoulders
- **Off-Street Facilities**
  - Cycle-tracks, separate bike paths
  - Shared-use paths, trails
- **Signs and Markings**
  - Share lane markings, "Sharrows"
  - Advanced stop lines, "Bike Boxes"
  - Bicycle signal heads
  - Colored bike lanes
  - Bike route signs
- **Bicycle Parking**
  - Bike racks, bicycle lockers
  - Long-term parking, "Bike stations"

Bike Sharing Programs

Intersection Designs

"Complete Streets"

Traffic Calming
- Partial closures, "Bicycle boulevards"
- Limit residential zone through-traffic
- Raised cross-walks
- Curb extensions

Source: Pedestrian and Bicycle Information Center

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THE MISSING PIECE IN OUR TRANSPORTATION SYSTEM

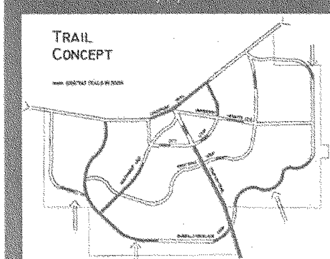
The average American motorist now drives about 15,000 miles a year. In recent decades, total miles driven (referred to as Vehicle Miles Traveled, or VMT, by planners) have increased three times faster than population growth, putting a severe strain on our roads.

As a consequence, the average traveler now wastes the equivalent of a full work week stuck in traffic every year.[9] During "Rush Hour" many larger cities suffer from congestion lasting several hours, with no one able to "rush" anywhere.

Improving current highway conditions and performance measures has been estimated to require annual investments exceeding $200 billion. Current fuel tax revenue projections, however, suggest that the amount available will only be half of that.[6] It is now conventional wisdom that the dominant approach to enhancing mobility in post-war America—heavy investment in road infrastructure with little regard to alternatives—will only make congestion worse.

To significantly reduce traffic congestion during a period of fiscal constraint, our transportation system must meet two basic challenges: efficiently connecting people with their destinations and doing so in a cost-effective manner. One major strategy to accomplish this is to encourage significant "mode shift;" reducing miles driven by shifting some automobile trips to bicycling, walking and public transportation.

Cleveland, Ohio, seeks to develop an active transportation system that would ensure that all residents live within a 10-minute bike ride of a trail connecting to major employment and activity centers. The desired utilitarian system of spines and loops closely resembles urban road networks that were designed with similar mobility objectives in mind. A concentrated federal investment could strategically fill gaps in Cleveland's system, linking hundreds of thousands of residences to jobs, providing the choice of safe and convenient travel on foot or by bicycle.



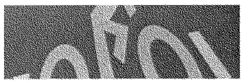
Investments to encourage increased bicycling and walking can reduce miles driven in three ways:

- Because a majority of car trips are short, bicycling and walking can often be as fast and convenient as driving.
- More car trips can be shifted to public transportation when well-integrated networks of bicycle and pedestrian infrastructure provide convenient access to bus stops and rail stations.
- Investments to make communities conducive to bicycling and walking promote a richer and denser mix of residences, businesses and amenities, leading to shorter trip-distances even for those who drive.

Over-Reliance on Driving is Inefficient

Since 1956 and the birth of the Interstate Highway System, automobiles have dominated our surface transportation system. Federal funding has overwhelmingly focused on accommodating cars and trucks. Road construction not only strived to keep up with existing traffic volumes, but also spurred new demand by creating an ever-increasing reliance on the car, most obvious in the nationwide development of sprawling suburbs.

Transportation has become a one-dimensional affair. Half of all trips we take are only three miles or less—yet we drive almost everywhere we need to go, even to the closest destinations.[7] Rates of car ownership in the United States are the highest in the world, and the number of cars per household now exceeds the number of drivers.[7] For most Americans, the predominance of the car and the lack of adequate infrastructure for bicycling and walking have basically eliminated all transportation options except for one—driving.



As with any monopolized market sector, our transportation system now offers a single brand of mobility developed without incentives to provide the best possible product, and without competition that would assure the best price. Compared to a truly multi-modal transportation system, our current system produces less mobility at an inflated price. The inefficiencies of this car-centered monopoly become more apparent every day: congested roads that cost us precious time, gasoline prices that shrink our disposable income, road infrastructure projects that place massive burdens on state and federal budgets, and an over-dependence on oil that leaves our economy at the mercy of the world oil market and its suppliers.

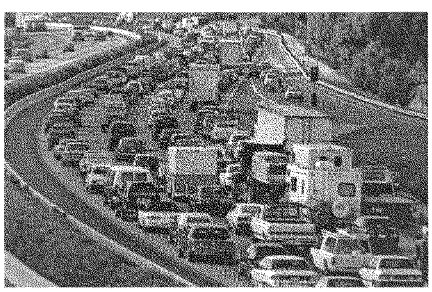
Choices Will Make Our Transportation System More Efficient

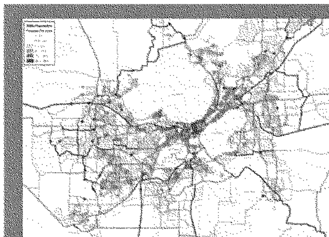
Only a multi-modal transportation system allows an optimal use of limited resources, such as fuel, land, time, and money in the first place; and public health and the environment more broadly.

Providing Americans with transportation choices will allow us to select the transportation mode best suited for our needs: whether it is the fastest, the easiest, the cleanest, or the one that satisfies multiple needs at the lowest overall cost.

In all aspects of our lives, Americans expect a variety of options from which to choose. Consumer preference is a powerful tool to increase efficiency in any free market economy, and yet our transportation system makes no use of it, lacking viable choices.

For some trips, cars will always be the best option. However, keeping our transportation system efficient requires that drivers have adequate alternatives for those trips for which they would prefer to ride their bicycle or walk, and avoid high gas prices and endless congestion.





Because the downtown area of *Madison, Wis.*, lies on a narrow isthmus between two lakes, traffic congestion is a concern despite high rates of bicycling, walking and transit use. Going forward, Madison planners see further investment in bicycling and walking as the only practical congestion solution because there is not enough available land to accommodate other modes of travel.

With the availability of the necessary safe and convenient infrastructure, many drivers will shift some of their trips to bicycling and walking. By doing so they will not only improve the efficiency of their own travel experience, but America's transportation system overall.

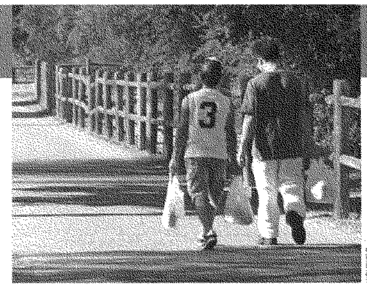
Universal Access to Mobility

Questions associated with mobility and transportation choice are not limited to issues of economic efficiency. We must also acknowledge that for many Americans driving is not an option.

More than 60 million Americans are not allowed to drive because they are too young.[10] Another 30 million adults are not licensed to drive for a variety of reasons including economics, age, disability and choice. Eight million Americans above the age of 60 do not have a driver's license,[11] and many more licensed drivers choose not to drive.

A surprising number of families, especially in urban areas, do not have access to an automobile. In Washington, D.C., 37 percent of households do not own an automobile.

Access to mobility is crucial to thrive economically, socially and physically. The transportation needs of these large segments of the American population need to be met with a mix of bicycling, walking and public transportation options. Transportation in America must be accessible for all Americans. Bicycling and walking are crucial in providing universal mobility.



Bicycling and Walking Reduce Driving and Congestion

There are three different mechanisms through which bicycling and walking reduce miles driven. First, bicycling and walking can directly replace cars on short trips. Second, bicycling and walking increase the convenience of public transportation and, therefore, increase ridership. Lastly, public infrastructure investment that increases the numbers of bicyclists and pedestrians also stimulates local forms of compact, mixed-use development which results in destinations that are closer to each other, thereby shortening travel distances for all modes.

Currently, short bicycling and walking trips account for 23 billion miles traveled every year. Modest increases in bicycling and walking mode share for trips of three miles or less could double that figure, and more substantial increases could yield four times more miles bicycled or walked. Taking into account secondary effects from synergies with public transportation and mixed-use development, modest increases in active transportation could avoid 69 billion miles driven, and substantial increases could lead to 199 billion miles of avoided driving (See "Do the Math 1/4," page 14).

Congestion is a direct result when increases in driving exceed the capacity of road infrastructure. Reducing miles driven therefore helps reduce congestion, in particular when driving is reduced during peak hours. Avoiding miles driven can be much more cost-effective than trying to reduce congestion by expanding highway infrastructure capacity to accommodate increased use.

Shifting Short Trips to Bicycling and Walking

According to the 2001 National Household Travel Survey, 48 percent of all trips were three miles or less and 24 percent were one mile or less.[7]

Hartford, Conn., aims to cut 17 million vehicle miles traveled annually by investing in their trail system and on-road bicycle and pedestrian facilities. Even assuming that the system were only used 120 days per year, this reduction in driving could be achieved by attracting 10,000 bicycle commuters and shifting one percent of auto trips under five miles to bicycling or walking. These figures are similar to the mode share in comparable cold-winter cities that have built solid bicycling networks, such as Boulder, Colo., Minneapolis, Minn., and Madison, Wis.

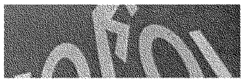
Riding a bicycle for three miles takes less than 20 minutes—an effort feasible for most ages and fitness levels. Nationwide, 29 percent of commuters travel less than five miles each way to work—a distance comfortably ridden in about half an hour—or about the same length of time as the average American commute.[12] Depending on traffic conditions and the available infrastructure for bicycling, travel times of drivers and bicyclists are comparable for surprisingly long trip distances. Parking in urban areas can put drivers at a time consuming and often costly disadvantage. Even walking can be surprisingly competitive for trips up to one mile, depending on availability of parking and the quality of pedestrian infrastructure.

During rush hour peaks, about half the drivers are commuters. In the vicinity of schools, parents dropping their kids off and picking them up clog neighborhood streets all around the nation. Local increases of 30 percent in morning traffic are typical during the school year.[13] The routine nature and typically short distance of trips to work or school makes them ideal for shifting to bicycling and walking.[9]

Modest shifts in short trips to bicycling and walking could reduce miles driven by 49 billion, and a more substantial shift could avoid more than 100 billion miles driven.

Synergies between Bicycling, Walking and Public Transportation

Public transportation plays an important role in mitigating congestion because of its capacity to move large numbers of people swiftly over expansive distances, without requiring much land.[9] Transportation experts agree that public transportation will play an expanded role in our transportation system in the future.[6, 9, 10] However, the benefits of public transportation related to reducing congestion, fuel consumption, and highway infrastructure costs diminish when occupancy rates of trains and buses are low. Increasing total ridership and occupancy rates must therefore be a top priority to maximize return on existing and future infrastructure investments.



Do the Math (1/4)

Current and Potential Miles Driven Avoided by Bicycling and Walking

Currently, only 31 percent of all trips of one mile or less are made by bicycling or walking, while two-thirds are made by car. Ninety percent of all trips between one and three miles are taken by car. These short trips account for 23 billion miles of active transportation every year.[7]

Increasing the bicycle and pedestrian share of trips of one mile or less from currently 31 percent to 40 percent under a Modest Scenario, and to 70 percent under a Substantial scenario would result in 28 billion or 49 billion miles driven avoided, respectively.

Increasing bicycle and pedestrian share of trips of one to three miles from the current level of 4 percent, to 10 percent (Modest) or 25 percent (Substantial) would avoid 21 billion or 52 billion miles of driving, respectively.

The analysis is conservatively limited to the effect of shifting short trips of three miles or less, ignoring the fact that experienced bicyclists routinely take trips of five miles or more.

Estimates of driving avoided due to the synergy between active transportation and public transportation are based on two key assumptions. First, the share of public transportation for trips of one to 15 miles in length is assumed to increase to 5 percent (Modest) or 15 percent (Substantial), from the current level of less than 2 percent. Second, improved transit access by bicycling and walking as outlined on page 15 will increase public transport ridership by 10 percent (Modest) to 30 percent (Substantial).

Based on these assumptions, the synergy between bicycling and walking and public transportation results in seven billion (Modest) or 66 billion (Substantial) miles driven avoided.

Assuming that increased density and more diverse land use patterns induced by bicycling and walking infrastructure will reduce the length of car trips of 15 miles or less by a mere 1 percent (Modest) to 3 percent (Substantial), the resulting driven miles avoided would amount to 21 billion and over 50 billion, respectively.

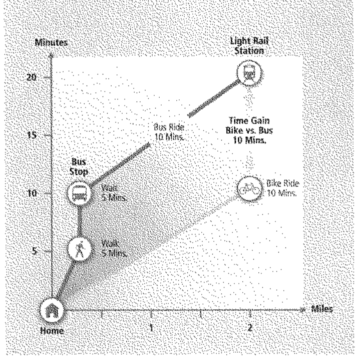
Underlying Assumptions for Miles Driven Avoided Calculation

Factor	Status Quo	Modest Scenario	Substantial Scenario
Bicycling and Walking Mode Share			
Trips < 1 mile	31%	40%	70%
Trips 1–3 miles	4%	10%	25%
Public transportation Mode Share			
Trips 1–15 miles	2%	5%	15%
% increase because of bicycling and walking	unknown	10%	30%
Trip length reduction through induced mixed use (1–15 miles)	unknown	1%	3%

Miles Driven Avoided Due to Bicycling and Walking (billions)

Factor	Status Quo	Modest Scenario	Substantial Scenario
Trips < 1 mile	15	28	49
Trips 1–3 miles	8	21	52
Increase of public transportation ridership because of bicycling and walking	unknown	7	66
Trip length reduction through induced mixed use (1–15 miles)	unknown	13	32
Totals	**23**	**69**	**199**

Bike vs. Bus: Comparative Times for Reaching a Transit Station



To be efficient, public transportation requires effective bicycle and pedestrian networks. Bicycling and walking provide the most convenient ways to access public transportation. Ninety percent of all public transportation trips start with walking. Seventy-five percent of people who walk to a bus or train walk for less than nine minutes, and 42 percent walk for less than four minutes.[7] If improvements for pedestrians in areas surrounding bus stops and train stations could encourage people to increase the time they are willing to walk by as little as two minutes, public transportation could serve twice as many people. Improvements that will make the walk to public transportation more pleasant and safe will also draw more people to public transportation.

> "No matter how technologically advanced, transit systems do not fulfill their roles if they are not readily accessible."
>
> U.S. DOT Volpe National Transportation Systems Center

Bicycling in particular has great potential to allow more people to access public transportation conveniently. Accessing public transportation by bicycle can shorten travel times significantly. Because bicyclists travel about four times as fast as pedestrians, convenient access by bicycle can increase the geographic area served by one transit station 16-fold (see figure on page 16).

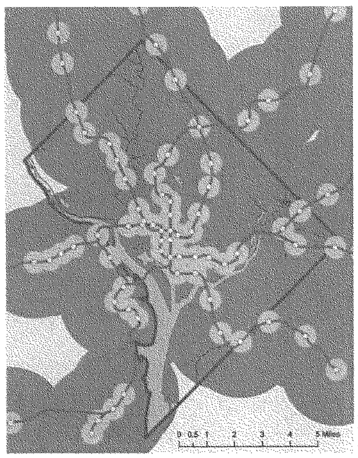
These benefits are mutual: Public transportation is also ideal for bicyclists and pedestrians to extend the range of their trips.

Synergies between bicycling and walking, and public transportation could reduce miles driven by seven (Modest Scenario) to 66 billion (Substantial Scenario) annually.

Residents of the Edgewood and Eckington neighborhoods in *Washington, D.C.,* walk across an active freight rail line to access the Metro rail system. A new pedestrian bridge and completion of the Metropolitan Branch Rail-Trail will provide a safe and convenient direct route to the Rhode Island Avenue station.

Bicycle and Pedestrian Infrastructure Reduce Travel Distances by Encouraging a Richer Mix of Development

Investments into bicycling and pedestrian infrastructure also lead to reduced driving by stimulating a richer more diverse type of development. Often referred to as "smart growth," this pattern



DC Metro is easily accessible downtown, where most stations are within a 10-minute walk (light green circles). In the suburbs, however, convenient access by bicycle would tremendously increase service area (dark green area within 10 minutes bicycling distance of a metro station).

of compact, mixed-use development places destinations such as homes, workplaces, shopping and recreation closer together, while providing easy access by public transportation and infrastructure for bicycling and walking.

The availability of public transportation has been shown to increase the mix of residences, businesses and other amenities in communities.[15, 16] Similar effects have been described for bicycling and walking facilities, such as trails.[16, 19]

Bicyclists and pedestrians are an important market segment for small, local business. Their tendency to travel for shorter distances, buy less at once and buy more frequently gives smaller businesses an edge over suburban mega-stores that cater to the motorized customer. The availability of local businesses can significantly reduce the amount people drive.

In such communities, a bicyclist has the choice of riding two miles to a local merchant instead of being required to drive to a mall several miles away to make the same purchases. In that case, two miles of bicycling may replace 10 miles of driving. Similarly, when pedestrians can safely walk the most direct route to their destination, they can replace car trips that are actually of longer distance. Just as importantly, the compact nature of mixed-use neighborhoods also reduces trip distances for those residents who choose to drive, because they equally profit from the opportunities to work or run errands closer by.[20]

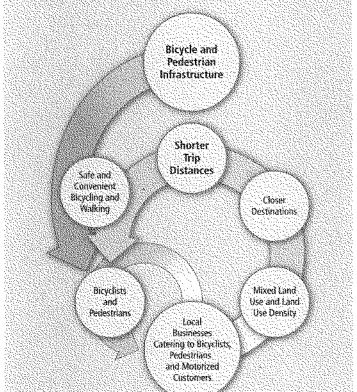
With the choice of businesses in *O'Fallon, Mo.*, it is possible that a resident can find everything they need within town. A multi-use trail system could thus create a self-contained community, achieving a degree of economic self-sufficiency. An active transportation web is key to the success of the city's campaign to "Shop, Dine, Stay and Play" in O'Fallon.

Americans living in more compact, mixed-use communities typically drive about 20 to 40 percent less than those in highly car dependent suburbs.[16, 21, 22] Assuming that increasingly mixed land use patterns induced by bicycle and pedestrian infrastructure will reduce the length of car trips of 15 miles or less by as little as 1 (Modest Scenario) to 3 percent (Substantial Scenario), the resulting driven miles avoided would amount to 13 to more than 30 billion, respectively.

What It Takes to Shift Automobile Trips to Bicycling and Walking

Many factors influence mode choices, and accordingly, levels of bicycling and walking vary greatly between locations. Some factors, such as weather or terrain, cannot be changed, but others, such as the availability of infrastructure and the safety of bicyclists and pedestrians are direct results of transportation policies and funding priorities.

How Bicycle and Pedestrian Infrastructure Leads to Shorter Trip Distances



Investments in **Bicycle and Pedestrian Infrastructure** provide **Bicyclists and Pedestrians** with a safe and convenient way to run errands. Their preference to shop locally offers an opportunity for small, **Local Businesses.** This initial economic stimulus attracts other customers, more businesses, and eventually residents to move to nearby. In the long run, a more **Mixed and Dense Land Use** pattern develops. Local, **Closer Destinations** reduce trip distances for all, including those who drive. The **Shorter Trip Distances** make **Bicycling and Walking** even more convenient, completing a positive feedback loop.

In several cities that have made the accommodation of bicycling and walking a priority of their planning process, those modes of transportation have become popular choices for many travelers.

In the 1990 Census, only 1.2 percent of all commuters in Portland, Ore., reported using their bike to get to work. Since then, the city invested about $3.50 per resident annually on bicycling infrastructure and related programs. By 2007, 6 percent of commuters chose to bicycle to work; and as many as 12 percent do so in the downtown area.[1] Over 15 years, bicycle trips taken in Portland have increased five-fold.

In Minneapolis, Minn., 20 percent of all trips are taken by bicycling or walking alone, and another 8 percent involve transit.[23] Between the summer months of 2007 and 2008, automatic counters recorded an increase of more than 30 percent in bicyclists riding on the Midtown Greenway.[2]

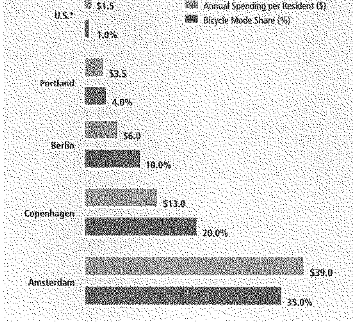
In Boulder, Colo., 14 percent of all trips are taken by bicycle, and, thanks to the federally funded Safe Routes to School Program, 75 percent of all children get to school by bicycling or walking.[24]

Two thirds of the residents of New York City, and half of those of Washington, D.C., do not use their car to commute.[10] This is only possible because in their cities, bicycling, walking and public transportation provide real alternatives to driving.

Traditionally, investment in bicycling and walking has been much higher in Europe, than in the United States. Every European city that has achieved high bicycling mode share has invested significantly into bicycle infrastructure, and cities with low bicycling rates have not.[25] In Dutch cities such as Groningen, where almost 40 percent of all trips are taken by bicycle, investment in bicycling alone is around $16 per resident annually since at least 20 years.[25]

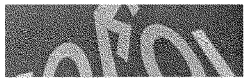
The recent success of the "Velib" bike-sharing program in Paris shows that even large cities suffering from notorious traffic problems hostile to bicycling can change. Within one year of the bike-share program's inception, bicycle use in Paris increased by 24 percent.[26]

Bicycle Funding and Mode Share



Comparison of annual per capita spending for bicycling and bicycle mode share between the U.S., Portland, Ore., and three European cities.[1, 29]

*Spending data for the U.S. are for bicycling and walking combined.[24]



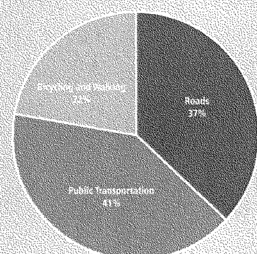
Bicycle and Pedestrian Infrastructure is Inexpensive

Compared to increasing road capacity, investing in bicycling and walking infrastructure presents a highly cost-effective contribution to congestion mitigation. A single mile of a four-lane urban highway costs at least $20 to $80 million, but alleviating congestion in the worst bottlenecks of urban freeway systems often costs several times as much.[27] Bicycle and pedestrian infrastructure costs much less on a per traveler basis. Over the width of one traffic lane, bicycling and walking can move five to 10 times more people than driving,[28] and the costs of pedestrian and bicycle facilities range anywhere from a few thousand dollars per mile to rarely more than $1 million, with great variability between types of infrastructure and local circumstances.[1, 29]

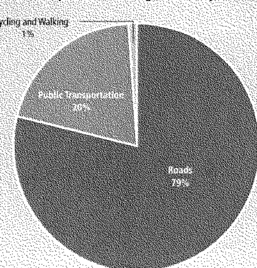
How Americans Would Allocate Transportation Funding

Eighty-one percent support "allocation of tax dollars toward the expansion and improvement of public transportation, sidewalks, and bike paths in your community." (Margin of error ± 3 percent)

How Respondents Would Allocate Transportation Funding



How Transportation Funding is Currently Allocated



National transportation poll commissioned by Transportation for America, designed by Collective Strength, and fielded by Harris Interactive from December 1–19, 2007.

© KARTIK SRIBARRA

Comparing parking costs and space requirements provide the same picture. Bicycles use about 10 times less space, and costs can be anywhere in between 30 and 300 times lower than for car parking.[30]

Bottom Line—Investment in Active Transportation Choices Will Move America!

Our car-focused transportation system is reaching its physical and financial limitations. Ever-expanding road networks have stimulated demand faster than they have increased capacity, creating congestion while leaving government treasuries empty.

It is time to give Americans back control over their mobility. If given a choice, Americans know which transportation mode is best suited for each trip they want to take. Millions will choose to walk or ride a bicycle if safe and convenient infrastructure is made available. Being able to choose the best-suited travel mode for each trip will introduce an unprecedented force for efficiency into our transportation system, saving our citizens billions of dollars in fuel costs and millions of hours of wasted time in congestion. In addition, investments in bicycle and pedestrian infrastructure will translate into direct savings for the federal highway trust fund by reducing the need for road capacity expansion projects, providing resources needed to repair and maintain our existing roads.

[NOTES FROM THE FIELD]

Eugene-Springfield, Ore.—Planning for Universal Mobility

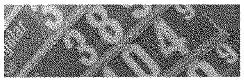
As a growing community, the Eugene-Springfield Metro Area recognizes it simply cannot build its way out of congestion through major road-capacity increasing projects. Community leaders and residents alike recognize that balancing transportation priorities will be critical to meet increasing mobility needs and offer real transportation choices to their community. Under business as usual, the metro area is forecasted to experience a 277 percent increase in congested miles of travel. The Eugene-Springfield Metro Area is one of many areas where strategic federal investments in active transportation would cost-effectively enhance mobility and mitigate congestion by shifting automobile trips to bicycling and walking. Such investments would also enable the community to offer universal mobility to all its residents, including 9.3 percent of urban households that do not own a vehicle.

The Eugene-Springfield Metro Area has a strong record of supporting active transportation with infrastructure and programs designed to encourage bicycling and walking. Its greater than national average share of bicycling, walking and transit trips reflects this long standing support. Approximately 4 percent of work trips are taken by bicycle (5.5 percent in Eugene), 4 percent by walking, and another 5 percent on transit. Focused investments in active transportation will further decrease the number of drive alone trips.

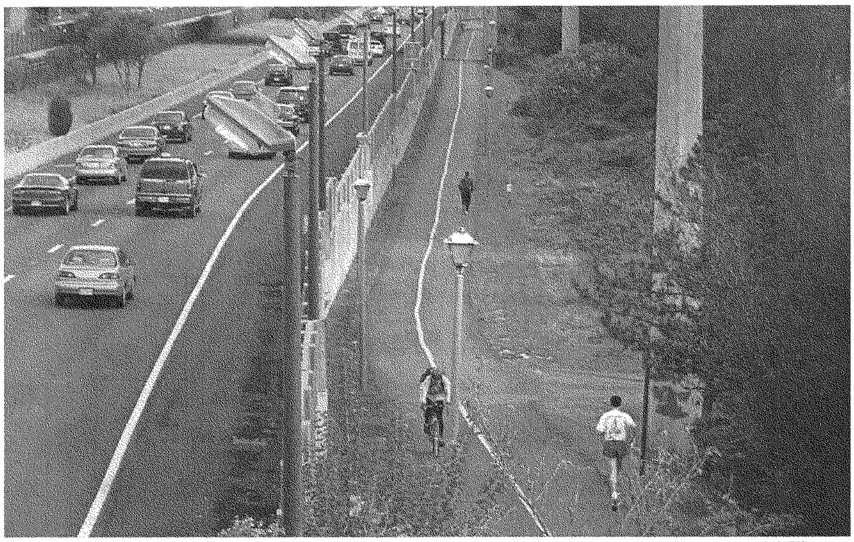
The region has developed coordinated plans to catalyze the growth of active transportation through strategic investments in infrastructure, programs and new planning tools. Inspiration for what might be possible with dedicated funding can be found in the many bicycle and pedestrian facilities in the Eugene-Springfield Metro Area. These include more than 40 miles of off-street shared use paths, five bicycle and pedestrian bridges spanning the Willamette River, and hundreds of miles of bicycle lanes and bicycle routes. High-priority bicycle and pedestrian projects include regionally significant shared-use path projects, additional bicycle and pedestrian bridges, and a bicycle boulevard system.

"Eugene has long been known for its commitment to active transportation modes such as bicycling and walking. Today with climate change, childhood obesity and high fuel prices, this commitment is more important than ever. Using wise investment in programs and facilities designed to encourage active transportation, our community will continue to provide national leadership in combating congestion, reducing the environmental impacts of motorized transportation, and in promoting healthy, safe and economical alternatives to driving."

—Eugene Mayor Kitty Piercy



Active Transportation for America



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As gasoline prices topped $4 per gallon in 2008 for the first time, our nation became painfully aware of the problems associated with our oil dependence. Americans' private cars and trucks burn 40 percent of the oil consumed in the United States, equivalent to 10 percent of world demand. The economic, national security and environmental implications of our oil dependence are enormous.

Among the top concerns, each gallon of gas burned produces 19.4 pounds of carbon dioxide (CO_2), nearly a pound per mile driven. This heat-trapping gas is forming a blanket around the earth causing global climate change, which leads to extreme weather events, loss of harvests, spread of disease and numerous other problems. Automobiles are responsible for about 20 percent of the United States' CO_2 emissions and are the fastest growing major source of greenhouse gases.

There is no silver bullet that will make us independent from oil or neatly resolve the problem of climate change. However, every mile not driven reduces both oil dependence and greenhouse gas emissions. Reducing emissions enough to mitigate climate change will require a diverse portfolio of measures, with each contributing a fraction of the overall reduction. As part of an integrated approach to provide alternatives to driving, bicycling and walking can help our nation address the twin challenges of oil dependence and climate change.

New transportation priorities are necessary to resolve the problems that past transportation policies helped create.

Since 1970, miles driven have tripled to more than three trillion per year, while over the same time period population only grew by 50 percent. Over the past decade, miles driven still grew twice as fast as the population (see figure on page 21). As a result, fuel savings and CO_2 reductions from increased fuel economy have been swamped by these dramatic increases in driving. This upward trend in driving is projected to continue in coming decades unless we chart a new direction in transportation policy focused on managing miles driven by providing a rich mix of bicycling, walking and public transportation options, coupled with smarter development patterns.[31]

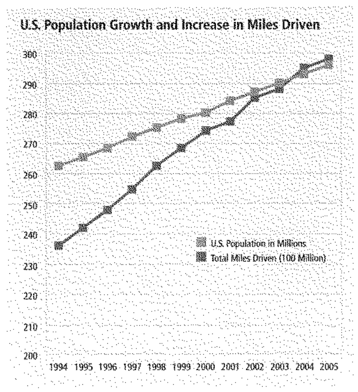
Determinants of CO_2 Emissions and Fuel Demand
CO_2 Emissions = Miles Driven x 1/mpg x CO_2/gallon
Fuel Demand = Miles Driven x 1/mpg
(mpg = vehicle fuel economy in miles per gallon)

Reducing CO_2 emissions and fuel demand from automobiles requires simultaneously addressing the efficiency of vehicles, the life-cycle carbon content of fuel, and the total miles driven.

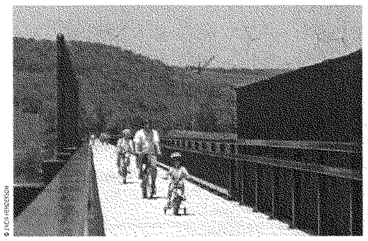
There are two main criteria to evaluate CO_2 reduction measures: quantity of reductions achieved, and cost per ton of CO_2 avoided.

How Much Fuel and CO_2 Savings Can Bicycling and Walking Achieve?

Annual greenhouse gas emissions in the United States are projected to rise from 7.2 billion tons in 2005 to 9.7 billion tons in 2030.[32] Reducing emissions to 80 percent below 1990 levels, as scientists suggest is necessary, would require reducing annual emissions to 1.2 billion tons per year. Annually, personal transportation accounts for approximately 136 billion gallons of gasoline,[33] or 1.2 billion tons of CO_2.



In the past years, total miles driven increased at a much faster rate than the U.S. population (1.1 percent vs. 2.2 percent per year).[18, 56]



The following illustrates fuel and CO_2 savings from reduced miles driven due to bicycling and walking, based on the mechanisms outlined previously, such as directly replacing cars on short trips; inducing increase in public transportation ridership; and shortening trip distances by spurring mixed-use development.

Fuel and CO_2 savings from shifting short car trips to bicycling and walking

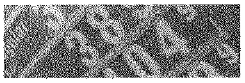
The total savings that would result from shifting more short trips to bicycling or walking could amount to 2.4 billion gallons of fuel for the Modest Scenario, to five billion for the Substantial Scenario, and between 21 and 45 million tons of CO_2 a year, respectively.

Fuel and CO_2 savings from improving public transportation by bicycling and walking

Currently, U.S. public transportation is estimated to reduce CO_2 emissions by 3.9 million tons per year by displacing personal vehicle travel.[37] These figures are based on current performance, with 25 percent higher fuel efficiency than private vehicles, and a mode share of 2 percent of all trips. The total savings that would result from improving public transportation by bicycling or walking would amount to modest 100 million to substantial 1.6 billion gallons of fuel, and one million to 14 million tons of CO_2 a year.

Fuel and CO_2 savings from richer mix of residences, businesses, and amenities induced by the availability of pedestrian and bicycle infrastructure

The potential for CO_2 reductions from increasing the compactness of new development has been estimated to be 78 million tons annually.[21] Nationwide, the CO_2 savings from the density in development around public transportation have been estimated to be 30 million tons.[15]



Do the Math (2/4)

Current and Potential Fuel Savings and CO_2 Emission Reductions from Bicycling and Walking

Calculations are based on miles driven avoided from "Do the Math 1/4." Each mile driven is equivalent to 0.05 gallons and one pound of CO_2, based on the approximate U.S. fleet average fuel economy of 20 miles per gallon.[34–36]

To estimate the fuel savings and CO_2 reduction resulting from the synergy between bicycling and walking and public transportation, we assume that future public transportation systems will use 30 percent (Modest Scenario) to 50 percent (Substantial Scenario) less fuel per passenger than cars—a range between current efficiency of U.S. public transportation (25 percent more efficient than cars)[37] and what some more efficient public transportation systems currently achieve (e.g., in Germany, 80 percent).

Assuming minimal reductions in travel distances of 1 to 3 percent due to increased mix of residences, businesses, and amenities induced by the availability of pedestrian and bicycle infrastructure results in 0.7 and 1.6 billion gallons of fuel, or 6 to 14 millions tons of CO_2 saved, for the Modest and Substantial Scenario, respectively.

According to data used by the Texas Transportation Institute to assess nationwide congestion, for every 1000 miles of driving avoided by public transportation, approximately 9 gallons of fuel and 0.08 tons of CO_2 were saved in 2005.[9] Assuming a similar benefit from miles driven avoided by bicycling and walking, the congestion relief from bicycling and walking would result in 0.6 to 2 billion gallons of fuel saved, and 5 to 18 million tons of CO_2 reductions.

Underlying Assumptions for Fuel Savings and CO_2 Emission Reduction Calculations

Factor	Status Quo	Modest Scenario	Substantial Scenario
1 mile driven ~ 0.05 gallons ~ 1 pound of CO_2			
Public transportation fuel use relative to cars (% of 20 mpg)	75%	70%	50%
Fuel savings from congestion relief (gallons per 1000 miles driven avoided)	9.6	8	10

Gallons of Fuel / Tons of CO_2 Saved Due to Bicycling and Walking

	Fuel savings (million gallons per year)			CO_2 reductions (million tons per year)		
Factor	**Status Quo**	**Modest Scenario**	**Substantial Scenario**	**Status Quo**	**Modest Scenario**	**Substantial Scenario**
Trips < 1 mile	768	1,404	2,458	7	12	22
Trips 1–3 miles	401	1,039	2,598	4	9	23
Increase of public transportation ridership because of bicycling and walking	unknown	110	1,643	unknown	1	14
Trip length reduction through induced mixed use (1–15 miles)	unknown	666	1,612	unknown	6	14
Savings from congestion relief	224	556	1,991	2	5	18
Totals	**1,394**	**3,775**	**10,301**	**12**	**33**	**91**

Chicago, Ill., is tackling climate change and oil dependence by prioritizing walking and biking for short trips and access to transit. Chicago aims to shift 5 percent of all trips less than five miles onto bikes by 2015 and increase bicycles on transit by 10 percent each year.

Excerpt from Resolution to Support 21st Century Transportation for America, passed July 2008.
WHEREAS, The Mayor and the City Council of the City of Chicago value capital investment for transportation that contributes to dynamic and accessible communities where more residents can walk, bike or take transit to get where they need to go; and…that encourages reduction in global warming and smog forming pollution; now, therefore BE IT RESOLVED, That we, the Mayor and City Council of the City of Chicago, on behalf of the citizens of Chicago, urge members of the United States Congress and the Illinois State Legislature to support a transportation infrastructure investment plan that expands clean, efficient transportation choices for Americans.

Increased mix of residences, businesses and amenities induced by the availability of pedestrian and bicycle infrastructure could result in 700 million gallons of fuel saved under modest assumptions, and 1.6 billion under more substantial assumptions, and six to 14 million tons of CO_2 saved, respectively.

The miles driven avoided through these three mechanisms are equivalent to fuel savings of three (Modest Scenario) to eight billion gallons (Substantial Scenario) and between 28 and 73 million tons of CO_2 avoided, respectively. To achieve equivalent fuel savings through vehicle efficiency improvements alone, between 19 million and more than 50 million drivers would need to trade in their vehicles for a highly efficient gas-electric hybrid version of the same model. To put this in perspective, there are about 250 million automobiles on America's streets and, despite rapidly growing sales, by the end of 2007 only about one million of them were hybrid vehicles.

Fuel and CO_2 savings from congestion relief due to avoided driving

A secondary benefit from reducing miles driven is the improved performance of vehicles currently stuck in congestion. This effect could amount to 500 million to two billion gallons of fuel saved, and up to 18 million tons of CO_2 reductions.

Overall savings from increased bicycling and walking amount to between four and 10 billion gallons in fuel, and between 30 million and more than 90 million tons of CO_2 annually, for the Modest and Substantial Scenarios, respectively. As such, bicycling and walking could offset between 3 percent and 8 percent of the effects of all U.S. cars and trucks.

The detailed assumptions and results of the calculations are provided in the textbox "Do the Math 2/4" (see page 22).

Fuel Savings and CO_2 Reduction from Commuting by Bicycle

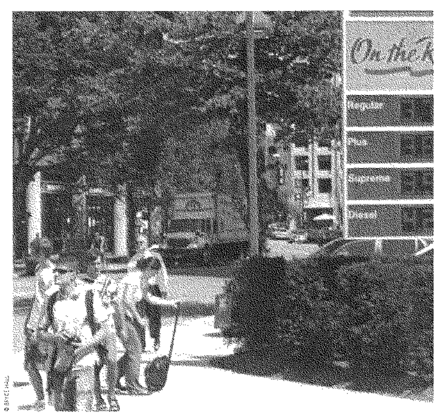
A bicycle commuter who rides five miles to work, four days a week, avoids 2,000 miles of driving a year—the equivalent of 100 gallons of gasoline saved and 2,000 pounds of CO_2 emissions avoided. CO_2 savings of this magnitude reduce the average American's carbon footprint by about 5 percent.

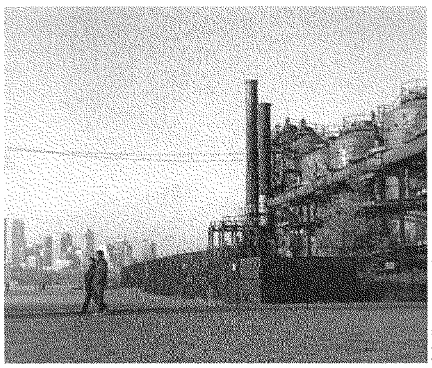
To achieve equivalent CO_2 reductions by public transportation one would have to shift approximately 30 miles of daily commuting from car to transit.

A citizen who in addition lives in a community that allows him or her to run most errands by bicycling or walking can save about 500 gallons of fuel, or 10,000 pounds of CO_2 each year.

To achieve such savings otherwise, one would need to replace, for example, a Ford F150 pick-up truck with a Mini Cooper, or a mid-sized SUV, such as a Chrysler Pacifica, with a Toyota Prius.

(Calculations based on data from www.fueleconomy.gov)





How Much Would It Cost?

In selecting the right portfolio of CO_2 reduction measures, overall cost and economic burdens need to be taken into consideration. Quite naturally, the most cost-effective measures should get some preference, especially if they create additional benefits and no other negative impacts. Such measures yield "no regrets" because they are positive investments beyond their contribution to CO_2 emission reductions.

Currently, there is no price on CO_2 emissions in place in the United States, but future attempts to curb greenhouse gas emissions will likely come at a cost. Some energy-saving measures, such as increasing vehicle fuel economy, have been identified to be cost neutral, or even result in net savings over their life span. Some of the most prominently debated CO_2 reduction measures, however, such as capturing carbon from coal power plants, or shifting to solar or nuclear power, are expected to cost in the range of about \$10 to \$50 per ton of CO_2 avoided,[32] which eventually would be passed on to consumers in the form of higher energy prices. The future price per ton of CO_2 emissions has been estimated to be in the range of \$20 to \$80, with considerable uncertainties at both ends of the range.[35, 38]

At a cost of \$10 per ton of CO_2, modest increases in bicycling and walking would justify investments into bicycle and pedestrian infrastructure of \$330 million annually for the purpose of CO_2 reductions alone. More substantial increases in bicycling and walking and a higher price of \$30 per ton of CO_2 would redeem annual investments of close to \$3 billion.

In addition to that, savings in fuel costs add up to between \$10 and \$35 billion annually, making investments in pedestrian and bicycle infrastructure one of the most cost-competitive greenhouse gas reduction strategies available.

Seattle, Wash.

In 2005, U.S. Conference of Mayors unanimously endorsed its Climate Protection Agreement, an initiative launched by Seattle Mayor Greg Nickels in which mayors commit to reduce greenhouse gas emissions in their cities to seven percent below 1990 levels by 2012. Since then more than 800 mayors committed to this goal, and the number continues to rise.

Active transportation features prominently in Seattle's Climate Action Plan; "Significantly Expand Bicycling and Pedestrian Infrastructure" is the No. 2 action item in the list of 18 measures to curb green-house gas emissions.

Bottom Line—Substantial Reductions in Fuel Use and CO_2 Emissions…at a Savings!

Climate change and oil dependence are among the biggest challenges we face. Some measures to overcome these problems could pose a serious burden on our economy and society as a whole. Others will offer great opportunities to improve our economic competitiveness and our overall quality of life.

Bicycling and walking can significantly contribute to reducing oil consumption and CO_2 emissions within the transportation sector. To minimize the economic costs of mitigating the impacts of climate change, it will be crucial to aggressively pursue the most cost-effective measures to reduce greenhouse gas emissions. Increased bicycling and walking are capable of achieving green-house gas reductions at no extra costs to the economy, because fuel savings alone will offset the investment costs, and additional benefits make it a "no regrets" strategy. Americans will demand a fiscally responsible approach to addressing climate change that achieves maximum results at minimal costs, which is why increasing bicycle and pedestrian use through investments in safe and convenient infrastructure should rank high on any list of measures we consider to reduce greenhouse gas emissions and our dependence on oil.

[NOTES FROM THE FIELD]

New Orleans, La.,—On the Path of Recovery

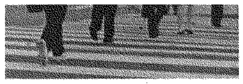
Following Hurricane Katrina, New Orleans' citizens actively endorsed a vision for the city based on creating healthy, vital neighborhoods that are more conducive to bicycling and walking. Through strategic investments in active transportation infrastructure New Orleans is creating an integrated, green transportation system. The Unified New Orleans Plan, which guides recovery efforts, prioritizes active transportation by including more than 85 references to bicycle and pedestrian projects.

A large number of trips in New Orleans already occur without the use of a motor vehicle. In 2000, the city had a car-free mode share (bicycle, walking and public transportation) of 21 percent, slightly higher than the 20 percent in Portland, Ore., generally recognized as the best city for bicycling in the United States. After Hurricane Katrina, New Orleans' overall active transportation mode share has dropped slightly, but significant efforts are underway to reverse that trend. Over the next two years, New Orleans plans to add 55 miles of on-street bicycle facilities and five miles of trails.

New Orleans' design makes active transportation a convenient alternative to driving. The historic street fabric laid out in a grid facilitates navigation, and mixed-use neighborhoods throughout the city provide destinations close to people. With a car-free population of more than 15 percent, strengthened active transportation infrastructure that links to public transportation will connect thousands of residents' employment centers. Investment in bicycle and pedestrian infrastructure will help create vibrant neighborhoods and contribute to New Orleans' economic recovery.

New Orleans is already improving and increasing bicycle and pedestrian facilities by passing a local $4 million bond initiative, and utilizing Community Development Block Grant (CDBG) and road replacement funds. An infusion of federal resources would allow New Orleans to complete an interconnected network of bicycle and pedestrian facilities that would enable its residents to travel the city in an efficient, economical, and healthy manner, and helping to return to the city the vibrant life for which it is known.

Lafitte Corridor, New Orleans. Residents are working to transform this former rail corridor into a trail to help revitalize a neighborhood where nearly half of commuters walk, bike or ride transit.



Approximately 300,000 premature deaths per year in the United States are caused by being obese or overweight.[39] In 2005, more preventable diseases and deaths occurred from excessive weight than from cigarette smoking.[40] Our country has struggled for more than a decade to overcome the obesity epidemic, without notable success.

Simply put, obesity results from an imbalance between energy intake and energy output. We eat more calories than we burn through physical activity.

In 2007, less than half of all Americans met the Centers for Disease Control and Prevention's (CDC) recommendation of at least 30 minutes of modest physical activity on most days.

> For the first time in history,
> the current generation of youth will live
> shorter lives than their parents.

America's car-focused transportation system is a major contributor to our sedentary life styles. Not only are cars now used for almost all trips, including the shortest, but the large volumes of motorized traffic combined with the lack of adequate infrastructure have made bicycling and walking difficult and dangerous in many communities.

Investing in bicycling and walking offers a unique opportunity to re-integrate physical activity into our daily routines.

Obesity—An Epidemic of Unprecedented Dimensions

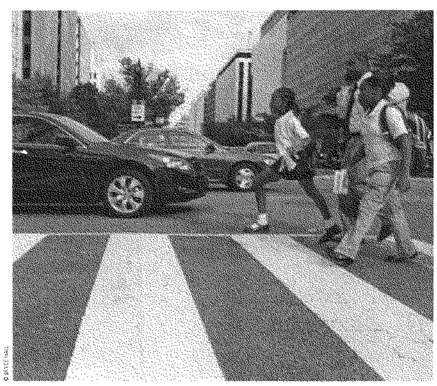
In recent decades we have consistently increased our calorie intake while decreasing our activity levels. In the 1990s the consequences became apparent in sharply increased obesity rates—the beginning of the obesity epidemic.[41, 42] Since then, we have seen the standardization of food labels to inform consumers about caloric and fat content; the rise of fat-free, low-calorie and diet products; multitudes of fad diets promising weight loss; sporadic bans of unhealthy foods; the development of pharmaceutical weight-loss drugs; gastric bypass surgery; and even lawsuits against fast food companies. However, none of these efforts have reduced obesity rates.

Today, 32 percent of American adults are obese, and 67 percent are overweight or obese. America's weight problem doesn't spare our youth either: 19 percent of all teenagers and 17 percent of all children between ages 6 and 11 are overweight.[43] The childhood obesity rate has almost tripled since 1980 and the adolescent rate has more than quadrupled.[44]

Childhood Obesity is "a National Catastrophe." How obese children suffer
5 years shorter life expectancy
High cholesterol is 2–3 times more likely
Fatty liver disease occurs in 1/3
25% are at high risk to develop diabetes
Asthma occurs 2 times more often
Medical costs are 3 times higher

The childhood obesity epidemic is "a national catastrophe," says acting U.S. Surgeon General Steven Galson. And "there's a huge burden of disease that we can anticipate from the growing obesity in kids," according to William H. Dietz, director of the Division of Nutrition, Physical Activity and Obesity at the federal CDC.[45]

The costs in medical expenses and loss of productive lives associated with the obesity epidemic place a heavy financial burden on our nation's future. The annual medical costs of physical inactivity have been estimated at $76 billion,[46] or close to 10 percent of all medical expenses.[47, 48] The human burden is of no less relevance. Because obesity decreases life expectancy by several years, for the first time in history, the current generation of youth may not live as long as their parents.[49]



Obesity is a major risk factor for many of our most deadly diseases. The number one cause of death is heart disease, and five of its six risk factors are associated with obesity: excessive weight, inactivity, high blood pressure, high cholesterol and diabetes. Diabetes is the sixth leading cause of death in the United States. More than 21 million Americans (7 percent of the population) have Type II diabetes. Obesity is the number one risk factor for this dramatically expanding disease which had 1.5 million new diagnoses in 2005.[50]

Physical Activity—The Challenge of Bringing Movement into Sedentary Lifestyles

In 2007, less than half of all Americans met the CDC's recommendations for physical activity from work, transportation or leisure-time exercise, and 13.5 percent did not get any physical activity at all.[51]

Safety in Numbers

Infrastructure Improvements Lower Fatality Rates

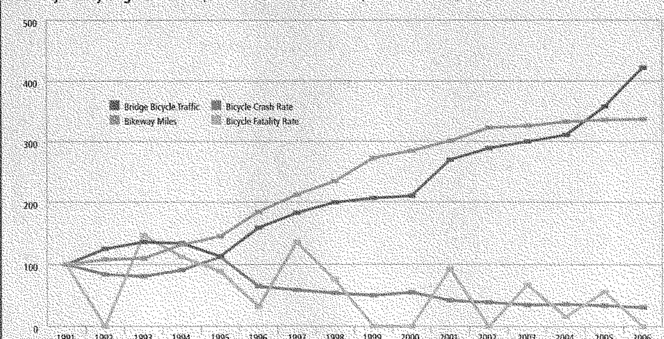
Designing communities to foster active transportation improves the safety of bicyclists and pedestrians. In 2006, more than 4,784 pedestrians and 771 bicyclists were killed on U.S. roads. Despite this disproportionate share of fatalities, federal funding to address bicycle and pedestrian safety has been sorely lacking.

In European countries that have invested considerably in bicycle and pedestrian infrastructure, such as Germany or the Netherlands, fatality rates for non-motorists are about 10 times lower than in the United States.[illegible] Australian cities also report increased safety for bicyclists as a result of infrastructure investments and increased bicycling.[illegible]

Portland, Ore., is a prime example of how investment in bicycle infrastructure results in increased safety. Since 1991, Portland has steadily expanded its network of bicycle facilities, and observed a constant growth in bicycling, while crash and fatality rates among cyclists significantly decreased. Between 1991 and 2006, Portland was able to reduce the crash rate by more than 69 percent. In that time period, the number of bicyclists grew more than four fold, while the number of fatalities remained low, between zero and five per year.

Infrastructure investments are clearly an effective and necessary measure to increase the safety of cyclists and pedestrians. Additional measures, such as education of motorized and non-motorized traffic participants, and various forms of traffic regulations can further improve safety.

Safety of Bicycling in Portland (Trends indexed to 100 = 1991)

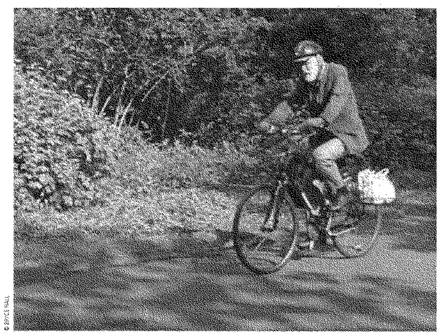


CDC Recommendation for Physical Activity

"30 minutes of moderate exercise on most days"
Equivalent to: 1.5 miles of walking or
5 miles of bicycling or
1 less slice of pizza

During the past century, the benefits of an increasing standard of living were accompanied by ever-decreasing amounts of physical activity in all aspects of life. This reduction in physical activity was due to a reduction in manual labor on the job and the adoption of labor-saving devices in the home. Many Americans have benefited from this trend in the form of better paying jobs, safer and healthier work conditions and more leisure time. Unfortunately, much of this newly found leisure time is spent in sedentary activities such as watching television and increasingly using computers, or playing video games. Taken together, this trend away from physical activity at work, at home and at play has contributed to an imbalance between our energy intake and energy output.

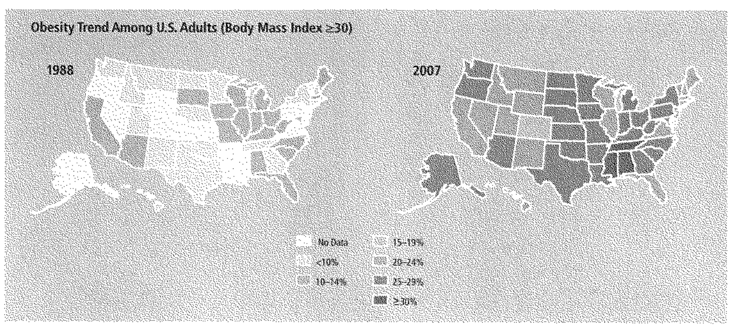
Our modern lifestyles have also been characterized by a reduction in physical activity in the transportation sector. Decades of car-centered transportation planning have left us with a transportation system that requires very little physical effort to get around. We now make almost 90 percent of our trips in cars, and spend on average more than 30 miles driving every single day.[7, 52] Worse than that, many communities are designed in a way that renders bicycling and walking unfeasible, or even dangerous.



In 1996 the Surgeon General published an alarming report on Physical Activity and Health. In it, medical professionals agreed that prevention of obesity requires not only healthier diets but, in addition, a substantial increase in physical activity.[54, 55]

Economic Effects of Obesity[53]

General Motors: $286 million in medical expenses per year due to obesity
Medicare: 15 percent more expenses for obese beneficiaries
Absenteeism: Obese employees miss 12 times more work days than their normal weight colleagues



Obesity rates among U.S. adults increased between 1988 and 2007 from 23 percent to over 32 percent.[43]

Do the Math (3/4)

Exercise Gains from Bicycling and Walking for Transportation

The following is based on average speed of 3 mph for walking and 10 mph for bicycling. Bicycle share among active transportation miles is assumed to increase from 20 (Status Quo) to 30 (Modest) and 50 percent (Substantial) across scenarios.

Per person averages are based on U.S. population of 300 million.

CDC recommendation is 30 minutes of moderate exercise on most days.

Underlying Assumptions for Health Benefits Calculations

Factor	Status Quo	Modest Scenario	Substantial Scenario
Percent of those bicycling or walking who do now not meet activity recommendations	0%	20%	50%
Bicycle share of total miles walked and biked	20%	30%	50%

Health Benefits from Bicycling and Walking (averaged over all Americans)

	Daily Exercise Gain (minutes)			Daily Energy Burned (calories)		
Factor	Status Quo	Modest Scenario	Substantial Scenario	Status Quo	Modest Scenario	Substantial Scenario
Trips < 1 mile	2	3	4	10	17	25
Trips 1–3 miles	1	2	4	5	12	26
Totals	**3**	**5**	**9**	**15**	**29**	**51**

Safe Routes to School Program

Marin County, Calif., was a Safe Routes to School pioneer. There is broad community involvement in planning and executing a comprehensive set of measures including education, encouragement, safety and infrastructure improvements. Seeded by a federal pilot project, Marin nearly doubled the percentage of children bicycling or walking to school in the first two years of their program and has extended the effort with State grants and local sales tax revenue.

Another Bay Area community, ***Alameda County, Calif.,*** concluded from a survey among school children from three different grades that 68 percent were not physically fit. The County has responded with plans to expand its Safe Routes to School program which currently targets 50 schools, to every school in the county, enabling more than 100,000 children at 226 schools to walk or bike to school.

Burlington, Vt. C.P. Smith Elementary School's walking school bus has operated since March 2005. Before the walking school bus began, approximately six children walked this route to school. Now on Walking Wednesdays there are between 25 and 40 children and the traffic congestion along the route has all but disappeared.

Physical activity provides additional health benefits independent of body weight, such as the prevention of cardio-vascular disease, osteoporosis, arthritis and mental disorders like anxiety and depression. In short, active people are likely to be healthier and happier people. Active workers are also more productive and have significantly lower health costs than their obese colleagues.[53]

To date, attempts to increase physical activity have mostly focused on leisure time activity for adults and physical education in school for children. Neither approach has succeeded with the majority of Americans.

Burn Calories

Most American adults gain weight gradually, typically about two pounds a year. This is equivalent to an excess of only about 100 calories a day. Bicycling or walking for less than 30 minutes daily would be sufficient to burn this amount of excess energy and keep body weight stable.[59]

When we reduce physical activity to "exercise" that is separate and apart from our daily routines, we encounter obstacles related to time, money or motivation that make it difficult to maintain such activity over time. Reintroducing activity into daily routines is a practical way to overcome such obstacles.

Imagine a weight loss solution that requires little extra time, relatively small amounts of effort, no additional motivation, no major expenses, no specific skills and no particular qualifications.

Bicycling and walking offer a compellingly simple remedy. Take a routine we all engage in every day—getting from Place A to Place B, also known as transportation. By leaving the motor at home, one can get to a destination while being active at the same time. Active transportation drives active living.

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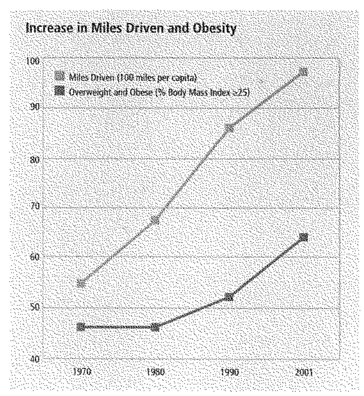
How Much Activity Could Result from Bicycling and Walking for Transportation?

Transportation offers opportunities to routinely engage in physical activity because many trips are short and ideal for bicycling and walking. About half of all trips taken in the United States are three miles or less.[7]

By replacing some of these short car trips with bicycling or walking, many Americans could significantly increase their activity levels. Using the CDC recommendation of 30 minutes of daily activity as a benchmark, it is a reasonable estimate that insufficiently active Americans would, on average, need to increase their daily level of activity by 15 minutes. Shifting some of these trips as outlined in our scenario calculations would result in an average of 5 (Modest Scenario) to 9 minutes (Substantial Scenario) of additional exercise for each American, every day or the recommended 30 minutes of daily exercise for 50 (Modest) to 90 million (Substantial) Americans.

Commuting two or three miles by bicycle takes only 15 minutes, and the complete round-trip satisfies the recommendations for daily physical activity.



In recent decades the amount Americans drive increased steadily. At the same time, the percentage of Americans that are overweight or obese increased dramatically, to now close to 70 percent.[93, 94]

Similarly, a two-mile, round-trip walk to run errands, access transit or take children to school provides the recommended 30 minutes of physical activity. Nearly two-thirds of all households say they have satisfactory shopping available within walking distance of their home.[57, 58] Fifty-seven percent of parents with children 13 years or younger live within one mile of a public elementary school.[58]

Bicycling and walking for short trips require little additional time, if any at all, fitting into very tight schedules because the activity occurs during time already allocated for transportation. The additional time needed for walking trips of less than a mile, compared to using a car, is at most minimal due to the short distance and elimination of the need for parking. Currently, two-thirds of these short trips are taken by car.[7]

Bicycling and walking are physical activities which require no training or preparation, and anyone can engage in them. Young

children find great joy through bicycling and love this form of physical activity. For elderly people, bicycling and walking provide safe, low-impact exercise that helps maintain their health.[4]

Billings, Mont.

The Sneakers, Spokes and Sparkplug Challenge pits bicyclists, pedestrians and drivers against one another in completing a set of tasks around Billings, Mont. The bicyclists won, with pedestrians often finishing before the car drivers. This popular event is the lighter side of a set of serious local initiatives to improve public health by integrating physical activity into everyday activities. Connecting places where people live, work, shop and play with bicycle and pedestrian infrastructure is a key component of such efforts. Billings is using Health Impact Assessments to infuse health as a criterion for decision-making into community projects and plans. And a general obligation bond was passed to provide local funds to match federal funds invested in trails.

A crucial advantage of bicycling and walking as transportation, rather than solely for exercise, is the motivation factor. For utilitarian trips, much less motivation and discipline are required to participate in it regularly because the person must make the trip anyway. For example, once the decision is made to commute to work by bike, this exercise easily becomes a routine. Bicycling and walking therefore offer an ideal opportunity to increase activity levels among those individuals who are not responsive to calls to increase leisure time activity.

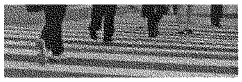
Further, individuals who want to increase their leisure-time activity levels find an easy and low-cost opportunity to do so when

Declining Activity Levels

1969: 50 percent of students walk to school.

2004: 14 percent of students walk to school.[60]

The average miles each American drives have more than doubled since 1960, to now almost 30 miles per day.[56]



appropriate bicycling and walking facilities are available to them. Children who live in safe places to bicycle and walk can transport themselves to outdoor activities without having to wait for someone who can drive them, making it more likely that they will engage in additional physical activities outdoors.

Bottom Line—Transportation: First a Driver of the Problem, Now a Step toward the Solution!

In light of all the advantages of increasing physical activity in our daily routines, it is obvious that, from a public health perspective, current levels of bicycling and walking are much too low.

America is at a crucial crossroad in the battle against obesity. Only by providing Americans with routine opportunities to engage in physical activity are we likely to prevent this epidemic from putting an unfathomable burden on our society.

> "Bicycling is a big part of the future. It has to be. There's something wrong with a society that drives a car to work out in a gym."
>
> Bill Nye the Science Guy

Therefore it is important to think of our transportation system as more than just a means to get around. Transportation infrastructure defines the built environment we live in, and as such has a tremendous influence on our levels of activity and our general well being. For this reason, the impact of transportation projects on public health should be taken into consideration just as routinely as we evaluate the financial costs of a project or its effects on the environment.

For decades, car-focused transportation investment has contributed to a steady reduction in physical activity. To achieve an increase in physical activity through investments in transportation infrastructure, urban designers, city planners, medical professionals and transportation engineers must realize the potential of routine bicycling and walking.[61, 62] Once bicycling and walking are widely accepted and treated as legitimate, viable and healthy transportation modes, health professionals can recommend active transportation as an efficient and safe form of physical activity, allowing Americans to improve their health by bicycling and walking.

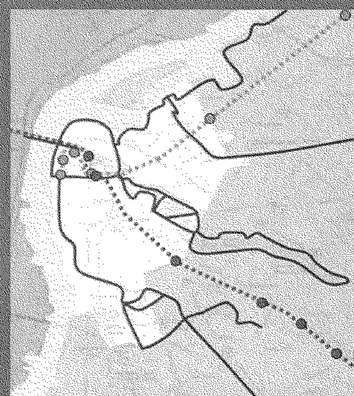
To assure the maximum health benefits for our society from bicycling and walking, transportation policy must be held accountable for its impact on public health, and make investing in bicycling and walking a priority.

[NOTES FROM THE FIELD]

Camden, N.J.—Trails to Revitalization

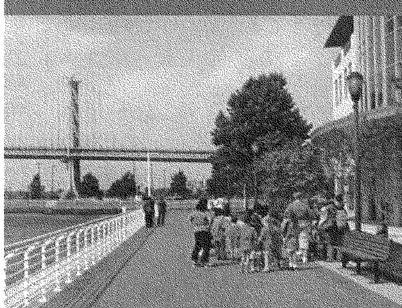
After years of economic, physical, and social isolation, Camden, N.J., has begun a renaissance premised on re-establishing itself as a critical transportation hub for the region and on reconnecting residents with local waterfronts. Railroads once emanated out in all directions from Camden, but they declined along with the city's manufacturing base. Going forward, Camden envisions developing six strategically located multi-use trails to create a network in and around Camden to reconnect suburbanites with the city, establish Camden as a gateway to and from Philadelphia, and connect city neighborhoods with jobs, schools, shops and services.

The network of multi-use trails promises to help transform Camden into a more sustainable, less car dependent city. Low incomes are one reason why 40 percent of Camden City residents do not own a car. More than 20 percent of city residents use public transportation to get to work and 6 percent walk. Others, however, struggle to reach employment opportunities, services, and amenities located in the New Jersey suburbs and in Philadelphia. A functional network of active transportation infrastructure would also provide greater access to regional public transportation, greatly expanding the mobility of people not using a car.



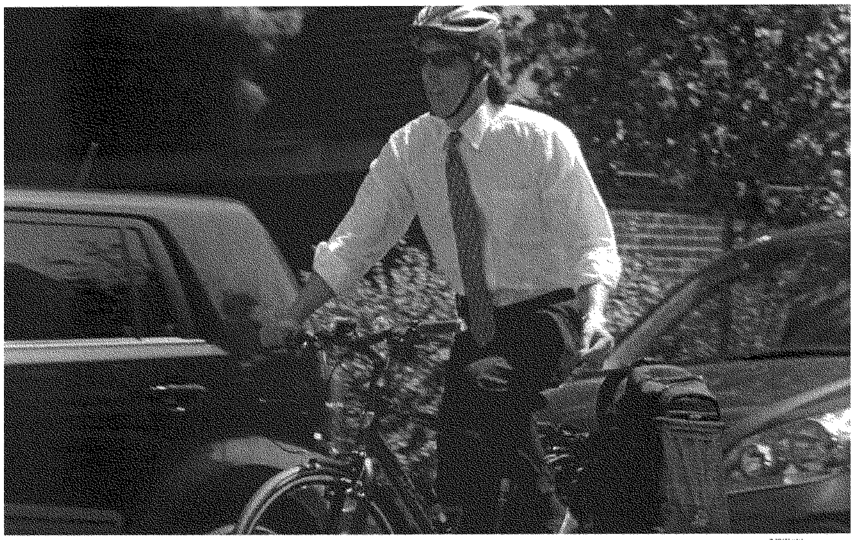
Camden Active Trail Network Plan

Improving linkages between residential communities and their waterfronts is a fundamental component of revitalization for the City of Camden. Ulysses S. Wiggins Park, a 1.4-mile greenway, has become the backbone for more than $550 million of private and public investment into the downtown waterfront. The Camden waterfront now boasts more than 600 residents, 2,000 workers, and two million tourists annually. Federal investment in Camden's active transportation plans would help to provide universal mobility, connect redeveloped areas, and open up the waterfront to more neighborhoods to spur further economic development.



"Pedestrian and bicycling trails around the city are crucial to provide waterfront access in many neighborhoods in Camden," said Cooper's Ferry Development Association President and CEO Thomas Corcoran. "Greenways and parks with multi-use trails help boost economic development and provide crucial leverage to private investment in these neighborhoods."

Another motivation for Camden to develop an active transportation system is concern that over 63 percent of residents are overweight or obese due largely to sedentary lifestyles. Dr. Jeff Brenner of Robert Wood Johnson Medical School observed that "residents of Camden suffer high rates of preventable, obesity-related illness like diabetes and heart disease. A regional trail network would provide a safe and inexpensive prescription to fight this problem."



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In a time of fiscal constraints, transportation funding has reached a crucial crossroads. The revenue from the federal gas tax is no longer sufficient to fund highway construction at the current rate. Relying solely on increased road capacity to address today's transportation problems is a dead-end strategy.

Simply replacing some of the shortest car trips with bicycling and walking could lead to fuel savings of the magnitude of 2.4 to 5 billion gallons annually, based on our Modest and Substantial Scenarios, respectively. At a price of $4 per gallon, this would result in saving $8 billion to $17 billion in fuel costs every year, not including fuel taxes. Currently, out of every dollar drivers spend on gasoline, at least $0.35 flow into foreign economies.

Federal transportation spending did not support bicycle and pedestrian projects until the early 1990s, totaling only $4.5 billion by 2007.[74] Not until the year 2000 did federal spending for bicycling and walking grow to more than $1 per resident per year. For highways, in contrast, average federal spending was over $100, and total spending nationwide over $400 per resident every year for over 50 years, or a total of $5 trillion (federal, state and local, in 2006 dollars).[63]

The $4.5 billion dollars in federal funding to date for bicycling and walking, approximately one thousand times less than total nationwide highway funding over time, is far from sufficient to make up for the historic neglect of bicycling and walking. Just like the building of the interstate highway system, offering Americans the choice not to drive will require significant, sustained and focused investment in bicycle and pedestrian infrastructure.

It is in our national interest to fund our mobility needs in a manner that provides the greatest benefits to Americans for each tax dollar. Consequently, active transportation should be a higher federal priority for two reasons:

1. An increased share of federal transportation dollars devoted to bicycling and walking would achieve greater transportation benefits than spending the same dollars on highway infrastructure, and would maximize the return from our investment in public transportation by facilitating convenient access to trains and buses.
2. Federal dollars spent on active transportation will yield additional social benefits beyond mobility that will save taxpayers

millions of dollars and improve quality of life across the United States. Increased use of active transportation will result in substantial savings in health care expenditures, lessen our oil dependence and reduce climate emissions. Continued over-reliance on automobiles, on the other hand, would exacerbate these same problems.

Valuing the Overall Benefits of Bicycling and Walking

Fuel savings are the most direct financial benefits from increased bicycling and walking. A simple calculation of the value of the anticipated fuel savings from replacing short car trips alone reveals savings of $3.5 billion under the status quo, and in the range of an additional $6 to $17 billion for our future scenarios of increased bicycling and walking. The overall amount that could be saved on gasoline expenditure is in the range of $10 to $35 billion annually.

Estimating the value of CO_2 emission reductions requires making an assumption on the price of avoided CO_2.

Under the Modest Scenario, a price of $10 per ton of CO_2 results in cost savings of $333 million annually. When assuming a price of $30 per ton and more substantial contributions from bicycling and walking, these savings could approach $3 billion annually.

Increasing the use of bicycling and walking for transportation provides tremendous potential to increase physical activity among Americans. Based on the health care costs alone, the benefits from increased bicycling and walking could add up to $400 million assuming modest cost benefits, and up to $28 billion annually assuming substantial cost benefits. These estimates do not include the benefits from increased productivity and other secondary benefits associated with physical activity.

Taken all together, the benefits of modest increases in bicycling and walking would amount to benefits worth more than $10 billion annually, and more substantial increases in bicycling and walking would return benefits in the range of over $65 billion annually.

These calculations do not include additional benefits from areas that we do not attempt to quantify, such as effects on real estate values; economic stimulus from infrastructure construction and businesses profiting from bicyclists and pedestrians; time savings by both bicyclists and pedestrians, as well as drivers on less congested roads; increased productivity due to improved health, and general gains in quality of life and more livable communities.

Infrastructure Costs and Return on Investment

According to the Federal Highway Administration, the basic cost of a single mile of urban, four-lane highway is between $20 million and $80 million. In urban bottlenecks where congestion is the worst, common restrictions such as the high costs of right of ways and the needs to control high traffic volumes can boost that figure to $290 million or more.[27]

By contrast, the costs of bicycle and pedestrian facilities range anywhere from a few thousand dollars per mile to rarely more than $1 million, with great variability between types of infrastructure local circumstances.[29]

Portland, Ore., has developed a network of bicycle infrastructure at an average per mile cost of $300,000, with bicycle boulevards and lanes at a fraction of that cost ($30,000 to $40,000 per mile). The cost of one mile of sidewalk is about $100,000.[68]

Multi-use trails typically cost between $50,000 and $300,000 per mile, depending on acquisition costs of rights-of-way and the surface material used.[69, 70]

Similarly, the costs for a bike rack that parks two bikes, about $200, is dwarfed next to the costs of car parking at $3,500 to $12,000 for each space of surface parking and $10,000 to $31,000 for each space of garage parking.[30]

That doesn't mean that we can stop investing in road infrastructure and only build bike paths instead. But it becomes clear how wasteful it is to focus almost exclusively on road infrastructure

Do the Math (4/4)

Monetary Value of Benefits from Bicycling and Walking

Monetizing the benefits from bicycling and walking requires assumptions on the value of gasoline, CO_2 emission reduction, and increased physical activity.

Future costs of reducing CO_2 emissions have been estimated in the range of $20 to $80 per ton of CO_2, with considerable uncertainties at both ends of the range.[25, 30] The scenario calculations conservatively assume a price of $10 per ton of CO_2 for the Modest Scenario and $30 for the Substantial Scenario.

Numerous studies have estimated annual health care costs to be between $20 and $330 higher in people who do not satisfy the CDC recommendation of 30 minutes of physical activity per day, compared to those who do.[29] This calculation uses the $20 estimate for the Modest Scenario, and the $330 estimate for the Substantial Scenario. Further, to fulfill the recommendation of daily activity the average insufficiently active person is assumed to need to increase his or her physical activity level by 15 minutes (midpoint between 0 and 30 minutes). Applying these numbers to the total population of 300 million Americans, an increase in one minute of the population average daily physical activity is worth $400 million, using the modest cost estimate, and $6.6 billion, using the substantially higher cost estimate. Including secondary costs from workers compensation, decrease in productivity, and inefficiencies from replacement workers would dramatically increase these estimates. One study estimated the costs of inactivity at more than $1,000 per person and year, equivalent to $18 billion in benefits from a one minute increase in population average of physical activity. Finally, this calculation conservatively values the increase in activity among insufficiently active people only, ignoring the fact that already active people will benefit from increased activity as well. The Modest Scenario assumes that only 20 percent of increases in bicycling and walking would stem from currently insufficiently active people, and under the Substantial Scenario, this figure would increase to 50 percent.

Underlying Assumptions for Monetary Value of Benefits

Factor	Status Quo	Modest Scenario	Substantial Scenario
Price of gasoline ($/gallon) (incl. 15% federal and state tax)	$3.50	$3.90	$4.00
Price of CO_2 emission avoided ($/ton of CO_2)	$0	$10	$30
Health care savings of one minute increase of daily population average physical activity (million $/minute)	unknown	$400	$6,600
Percent of those bicycling or walking who do not meet activity recommendations	0%	20%	50%

Monetary Value of Benefits from Bicycling and Walking ($ millions per year)

Factor	Status Quo	Modest Scenario	Substantial Scenario
Fuel savings from shifting short car trips to bicycling or walking, excluding secondary savings from congestion relief (excl. gasoline tax)	$3,478	$6,231	$17,188
Fuel savings from bicycling or walking and public transportation synergy (excl. gasoline tax)	unknown	$279	$5,586
Fuel savings from trip length reduction through induced mixed use (excl. gasoline tax)	unknown	$1,697	$5,481
Fuel savings from secondary savings from congestion relief (excl. gasoline tax)	$668	$1,417	$6,768
CO_2 reduction from miles driven avoided, including congestion relief and trip length reduction through induced mixed use	unknown	$333	$2,726
Health cost reduction from increase in physical activity among those who do not currently meet recommended levels	unknown	$420	$28,127
Totals	**$4,146**	**$10,378**	**$65,876**

when it would be much more cost-effective to meet some of our mobility needs through bike or pedestrian infrastructure.

Dozens of communities across the country are ready to start building or expanding their bicycle and pedestrian infrastructure. Investments comparable to the cost of a single mile of urban highway can significantly alter the landscape for bicycling and walking in a mid-sized city.

Portland's investments in bicycling infrastructure of $57 million in total have helped city residents drive less than average Americans, resulting in a savings of $2.6 billion in travel and time and redirecting more than $800 million to their local economy every year.[71]

Under modest assumptions about shifting trips to bicycling and walking, the resulting annual benefits will be worth close to 20 times the current level of federal funding for bicycling and walking. Even under current conditions, fuel savings from short bicycling and walking trips alone offset current expenditures more than six-fold, even if gas prices dropped back to $3 per gallon.

The Effect of Bicycle and Pedestrian Infrastructure on Real Estate Values

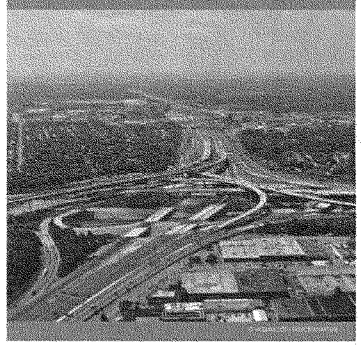
Trails are the top-ranking outdoor community asset according to the National Association of Home Builders which found that 57 percent of prospective homebuyers would like to see trails in their new community.[64]

In Marion County, Ind., greenways increased cumulative property values by hundreds of millions of dollars. Even where the value of one piece of property might only increase a small amount, so many pieces of property are adjacent to trails that the cumulative effects raise the entire community's property values.[65]

In Apex, N.C., the developers of a housing development could sell homes with trail access for $5,000 more than those without access.[66]

And a study that looked at major U.S. metropolitan housing markets "…found that while there is overall weakness in housing prices, price declines are generally far more severe in far-flung suburbs and metropolitan areas with weak central cities. The reason for this shift is rooted in the dramatic increase in gas prices over the past five years. Cities and neighborhoods that require lengthy commutes and provide few transportation alternatives to the private vehicle are falling in value more precipitously than more central, compact and accessible places," the study shows.[67]

A single road project, the Springfield interchange in Virginia cost $676 million to build, enough to develop effective active transportation systems in more than a dozen cities across the country.



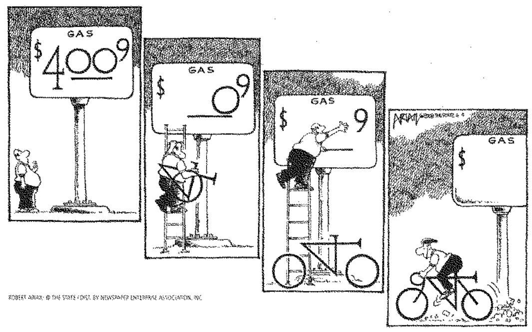
Assuming substantially increased growth of bicycling and walking, similar to conditions already present in cities like Minneapolis, New York, or Portland, nationwide benefits from fuel savings, congestion relief, health cost reductions, and reduced CO_2 emissions would skyrocket to a magnitude approaching that of total federal surface transportation spending. Add to that the economic benefits in the form of increased real estate values and commercial activity, and it becomes apparent that federal investments in bicycle and pedestrian infrastructure and programs are one of the most cost-effective transportation policy interventions available.

As Americans struggle to cope with the high costs of driving, including increased gas prices, balancing various modes of transportation has become of great relevance on a personal level, too. Transportation is second to housing as a percentage of household budgets, and it is the top expense for many low-income families.

Transportation Costs by Mode

Mode	Costs per Mile (cents)
Car	59
Transit	24
Bicycle	~5
Walking	0

(Sources: IRS, ATA, RTC)



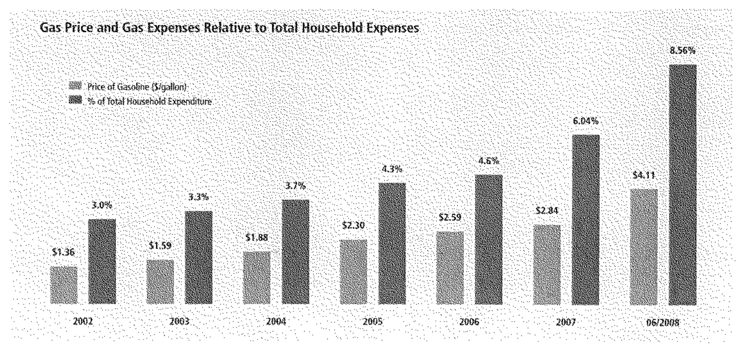
As gas prices continue to rise, news reports nationwide show that consumers are changing their transportation to meet these new economic conditions.[3, 73] The affordability of bicycling and walking begins to look more and more appealing.

Gas expenditures as a portion of the average household budget, which averaged 3.4 percent from 1996 to 2006, were approaching 9 percent in the summer of 2008.[72] The number was even higher among low-income households.

For many of our daily trips, bicycling and walking are the most economical choice. During the course of a year, regular bicycle commuters that ride five miles to work, can save about $500 on fuel and more than $1,000 on other expenses related to driving. In addition, they may avoid a considerable amount of time stuck in traffic or in the gym.

Bottom Line—Investing in Bicycling and Walking; Making the Most of Federal Funds!

Given the great return of investment from active transportation, fiscally responsible federal transportation policy must strive to maximize the amount that Americans bicycle and walk. Concentrated investments in bicycle and pedestrian infrastructure networks are needed to offer as many Americans as possible the choice to walk or bike. Once safe and convenient infrastructure connects the places where we live, work, shop, learn and play, the resulting changes in travel patterns will return benefits worth many times more than the initial investment costs.



Increasing costs of driving put a growing burden on many Americans household budgets.

[NOTES FROM THE FIELD]

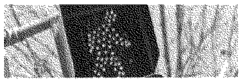
Minneapolis, Minn.—A Pilot Community for Non-motorized (Active) Transportation

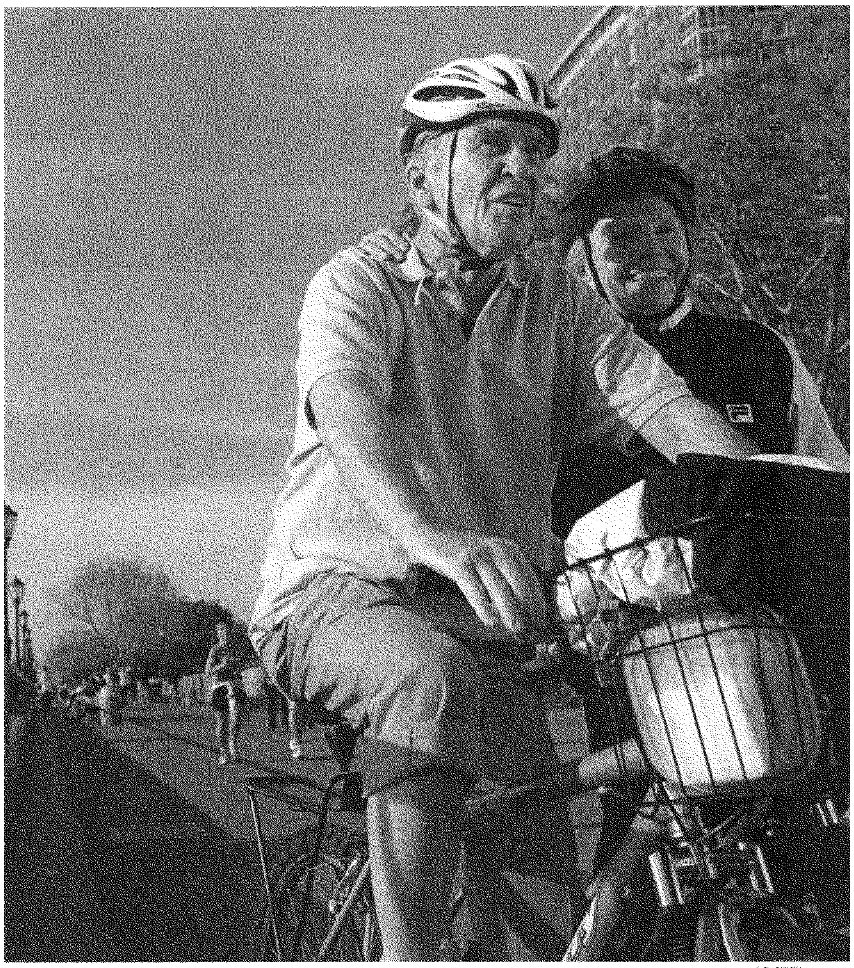
Active transportation contributes heavily to mobility in Minneapolis because bicycling and walking have been a priority of city planners for many years. In Minneapolis, a 2006 study found that nearly 20 percent of all trips were made solely on foot or by bicycle, and another 8 percent of all trips involved bicycling or walking to public transportation.[73] In the last year alone, the number of bicyclists using the Midtown Greenway increased by 30 percent to an average of 3,620 riders daily in June 2008.

Minneapolis is one of four communities participating in the federally funded Nonmotorized Transportation Pilot Program (SAFETEA-LU sec. 1807). Over four years, the pilot program will fund more than $21 million of investments in infrastructure and other measures to increase bicycling and walking. Infrastructure projects include "livable streets," that accommodate pedestrians, bicyclists, residents, motorists, and customers of adjacent businesses; and "bicycle boulevards," typically residential streets where traffic volume and speed are reduced to levels at which bicyclists, pedestrians, and motorists can comfortably share the road. Comprehensive planning efforts systematically address the needs of bicyclists and pedestrians, and assure the interconnectivity of the active transportation and the public transportation networks.

Levels of bicycling and walking are lower outside of the urban core, where many low-cost modifications of existing roadways remain to be done to match the connectivity of bicycle and pedestrian infrastructure in the downtown area. Minneapolis-St. Paul still has many pressing needs to nurture active transportation over the coming years including improved mapping, bike centers at key destinations, completion of bicycling and walking network across the metro area, more bicycle boulevards and greenways, access to bicycles for all users, significantly expanded bike parking, solutions to major physical barriers (rivers, railroads, and highways), education programs and expansion of facilities for families and less experienced cyclists.

The challenge for Minneapolis-St. Paul is beyond low-hanging fruit. To achieve a sustainable transportation system, Minneapolis-St. Paul also seeks to address subtler issues such as budget priorities, traffic enforcement, design standards and protocol, safety, and outreach to seniors, communities of color and new immigrants. Expanded federal investments will enable improvement at all levels, the type of change that will maximize the shift to bicycling and walking for everyday travel.





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CONCLUSION

Active transportation is unique in its promise to offer numerous benefits, without any of the trade-offs that so often come with other transportation policies. This report has made the case that bicycling and walking could and should play a far more prominent role in America's transportation system, and that federal investment in bicycling and walking infrastructure is a cost-effective means to help meet the mobility needs of more Americans. Offering a balanced set of ways to get around better fulfills our nation's transportation mission.

Mission Statement of the U.S. Department of Transportation

"Serve the United States by ensuring a fast, safe, efficient, accessible and convenient transportation system that meets our vital national interests and enhances the quality of life of the American people, today and into the future"

The resulting fuel savings from shifting just some of the shortest car trips to bicycling and walking would result in cost savings far larger than the upfront costs of infrastructure investments.

In anticipation of expensive changes in our energy supply system and the challenges of reducing CO_2 emissions, active transportation offers a welcome contribution to greenhouse gas reductions at a net cost savings. On a human scale, the health benefits from increased investments in safe and convenient infrastructure for bicycling and walking may very well turn out to be the most valuable "side-effect" of shifting our transportation policies. By accommodating bicycling and walking, federal transportation policy can help reverse the devastating trends in obesity that were aggravated by development patterns tailored to the automobile.

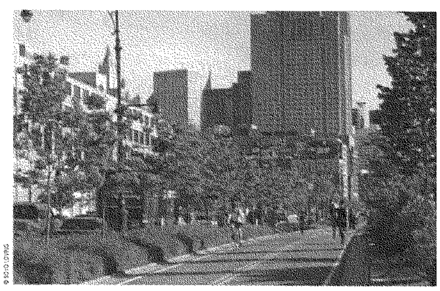
In times of economic hardship and fiscal constraint, investing in infrastructure for active transportation offers a highly affordable opportunity to create an immediate and long-lasting stimulus for our economy. Savings at the gas pump and reduced oil dependence, higher productivity of healthier workers and lower health care expenses, flourishing businesses and more valuable real estate, shorter commutes and reduced needs for road expansions are among the many economic benefits for us individually and as a nation.

An increasing number of Americans have been voting with their feet to increase the use of active transportation. A quiet trend of increased bicycling and walking has been building for years among those seeking an affordable, healthy, clean and enjoyable way to get around. This trend has rapidly accelerated in the past year in response to the high costs of driving. The trend has been most pronounced in communities that have already invested in systems to facilitate safe and convenient bicycling and walking.[1, 2] Because few communities have had sufficient resources to build truly functional active transportation systems, most Americans have been left standing on the sidelines looking for safer and more convenient ways to join this movement.

The pent-up demand for safe and convenient places to bicycle and walk will only be satisfied by concentrated federal investments in coherent networks of bicycle paths, trails, sidewalks and other facilities. Just as our nation invested in the interstate system and extensive road networks during the past half century, our current era of concern over oil dependence, traffic congestion, climate change, and rising obesity rates calls for creating a new balance in which mobility for every American is convenient, safe, affordable, and last but not least, enjoyable.

Those Americans privileged to live in communities that accommodate bicyclists and pedestrians appreciate their built environment. Health is improved; stress levels are reduced. Streets have become places where people meet on a human scale. Commutes create a relaxing end to workdays, and active transportation can save people the challenge of making time to stay fit.

While this report quantifies many of the benefits of active transportation, it is impossible to put a price tag on the increases in quality of life generated from the opportunity to ride a bicycle or walk. The only way to value this aspect of active transportation sufficiently is to provide all Americans with the opportunity to find out for themselves.



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The Duke Ellington Building
2121 Ward Court, NW, 5th Floor
Washington, DC 20037

[1] 202-331-9696

www.railstotrails.org

Railway Supply Institute, Inc.
50 F Street, NW
Suite 7030
Washington, DC 20001

The Honorable James L. Oberstar
Chairman
House Committee on Transportation and Infrastructure
2165 Rayburn House Office Building
Washington, DC 20515

RE: October 29, 2008 Full Committee Hearing on "Investing in Infrastructure: The Road to Recovery."

Thursday, October 30, 2008

Dear Mr. Chairman,

The Railway Supply Institute appreciates the opportunity to submit comments to the committee for the record regarding the importance of investing in transportation infrastructure with specific focus on the contributions of passenger and freight rail.

Established in 1908, RSI is the international trade association of the rail and rail rapid transit supply industry. We have over 200 members who provide goods and services to our nation's freight and passenger railroads as well as our rail transit systems. RSI estimates that the domestic railway supply industry approaches $25 billion in annual revenues and employs 150,000 people.

Today all economic indicators seem to be pointing toward a recession and transportation infrastructure spending can be a way to generate quick economic activity, as well as to address longer-term national needs. Congress needs to focus on bringing important infrastructure projects online as soon as possible in order to create domestic jobs, boost the economy, and rebuild and increase our passenger and freight rail infrastructure. When we hire people to enhance our rail infrastructure it also has a ripple effect on the rail supply industry creating even more jobs based here in the United States.

When we look to near term investment, RSI supports Amtrak's request for $410 million in order to address the railroads immediate capital needs. Amtrak faces significant capital challenges and they have not been able to fully fund their capital investment needs in recent years. In addition, looking ahead to future long term investments that Amtrak has stated it requires, some examples of new equipment needs which would also create jobs for the rail supply sector include:

- Replacement of 20 AEM-7 DC electric locomotives = $180 million
- Replacement of 75 baggage cars and 25 diner cars = $300 million
- 15 new single level sleepers to deal with growing business = $52.5 million
- Total Cost is around $540 million

There is no question that part of Amtrak's locomotive fleet is antiquated because of Amtrak's capital constraints. Unfortunately, there is no retrofit technology available that would adequately address these problems on older locomotives. On average, Amtrak's diesel switcher locomotive fleet is 40 years old; the average age of the AEM-7 electric fleet is 25 years old. Investment in a new electric locomotive fleet may create energy efficiency with the appropriate design strategy. Currently the Acela locomotives are able to use their regenerative braking feature to save 8 percent of energy used in their individual trip on the North East Corridor.

Energy is one of the highest and fastest growing costs facing Amtrak today. Indeed, after labor costs, energy and utility costs are its second greatest expense. Amtrak is expected to spend almost $360 million for fuel, power and utilities in 2009, or 68 percent of its projected operating loss (the amount the federal government subsidizes) for that year or a little more than 12 percent of its total operating budget. Simply replacing Amtrak's antiquated switcher locomotive fleet could reduce the fuel consumed by that fleet by 50 percent and significantly reduce Amtrak's operating costs over the long haul.

While it is good public policy to invest in the most efficient modes of transportation, investing in technology development that results in even more efficiency can also be productive. Although rail transportation is one of the most energy efficient modes today, substantial opportunities for further efficiency improvements remain. Reduced aerodynamic drag, lower train weight, regenerative braking, and higher efficiency propulsion systems can make significant reductions in energy use and therefore carbon emissions.

However, without incentives to develop technology such as high tech, fuel efficient locomotives for passenger rail, our nation is missing an opportunity to make a mode of transportation that we already know is among the most fuel efficient to become even more efficient.

Providing Amtrak with sufficient funds would help to replace equipment that has reached the end of its service life and provide new equipment to expand corridor services and accommodate growth on existing services.

Congress should immediately enact H.R. 2116, the Freight Rail Infrastructure Capacity Expansion Act of 2007. This bill would provide a 25-percent tax credit for capacity expanding investments and could be used to help pay for the recent mandate to install Positive Train Control by December 31, 2015 on all main-line track where intercity passenger railroads and commuter railroads operate and where toxic by-inhalation hazardous materials are transported or used to pay for equipping freight railroads with ECP brakes. Arguably, both technologies would increase railroad capacity, improve safety and create jobs in the rail and rail supply industries.

Additional stimulus for rail infrastructure could also be put towards funding for the California High Speed Rail proposal. California Proposition 1A would start the process of building the California High-Speed Rail line. This train would run from Sacramento to San Diego, taking passengers between northern and southern California much faster than driving. For example, travelers could get from LA to San Francisco in less than three hours. The train would create 450,000 jobs once finished. It would reduce our dependence on oil by 12.7 million barrels a year, eliminate 12 billion pounds of harmful greenhouse gasses, and reduce traffic congestion.

RSI notes that if our overall national transportation objectives include:

- energizing our economy
- significantly reducing our dependence on foreign oil and carbon emissions,
- reducing congestion on highways and at airports, and
- improving safety

then let us design our transportation policy to achieve those outcomes. Robert Puentes of the Brookings Institution has suggested that "America's transportation policy is adrift with no clear goals, purpose, or ability to meet today's challenges". He suggests that policy makers are too focused on highways and transit and have ignored passenger and freight rail which may be part of the solution to addressing other key policy issues (such as dependence on foreign oil, congestion and climate change). The transportation investments made now will impact future transportation, environmental and social investments so we need to start getting these decisions right.

Yet how will we get there? We will need a combination of various creative solutions that are outside the appropriations process. For example:

- Enact H.R. 2116, the Freight Rail Infrastructure Capacity Expansion Act of 2007;
- Energy tax credits;
- Tax credit bonds;
- Allocations from a cap & trade system;
- Incentive funding for energy efficient locomotives;
- Economic stimulus funding and;
- Funding from the next transportation bill by creating more balance in our policy.
- Or all of the above.

RSI urges and supports additional investment in our nation's rail infrastructure both in short and long term. Such investment will stimulate our economy by creating more domestic jobs. In addition, by putting more freight and passengers on rail, this will ultimately lead to a reduction in our Nation's greenhouse gas emissions, congestion and reliance on foreign oil.

Thank you for the opportunity to present our views.

Sincerely,

Thomas D. Simpson
Executive Director - Washington

San Juan County

sanjuancounty.org

SAN JUAN COUNTY
COMMISSION

Bruce B. Adams - Chairman
Kenneth Maryboy - Vice-Chairman
Lynn H. Stevens - Commissioner
Rick M. Bailey - Administrator

Testimony of San Juan County Commission
San Juan County, Utah
to the
Transportation and Infrastructure Committee, U.S. House of Representatives
November 14, 2008

Thank you Chairman Oberstar, Ranking Member Mica, and distinguished Members of the Committee for allowing us to provide testimony for the record of your October 29, 2008 hearing, "Investing in Infrastructure: The Road to Recovery." San Juan County is the poorest county in Utah, with the poorest Indian reservation in the country, the Navajo Nation. We need jobs that improve roads, bridges that improve safety, and legislation that improves our ability to access federal program funds for all our county residents, both on and off the reservation.

Most of you probably have never visited San Juan County, Utah, but you know us. You know our red rock landscape from the countless movies that have been filmed here -- movies like "Stagecoach" and "Forest Gump" -- movies that played out against the iconic landscape of Monument Valley to create indelible images of the American West. You know us from our county residents whom you have honored as American Heros -- the Navajo Code Talkers -- whose valor played out against the iconic triumph of good over evil during World War II. You know us, and now we ask that you don't forget us.

An economic recovery bill, like H.R. 7110, the Job Creation and Unemployment Relief Act of 2008 (H.R. 7110), should provide opportunities that rural and tribal America can reach. The need for jobs, roads, bridges, and drinking water is greatest in and around American Indian reservations. Congress has known this ever since 2003, when the U.S. Commission on Civil Rights published "The Quiet Crisis, Federal Funding and Unmet Needs in Indian Country" pursuant to Public Law 103-419.

The Report revealed that federal funding of programs intended to assist Native Americans at the U.S. Departments of Agriculture, Education, Health and Human Services, Housing and Urban Development, Interior, and Justice, "has not been sufficient to address the basic and very urgent needs of indigenous people." What, if anything, has been done about that? As County Commissioners, we are struggling to provide for our county residents on and off the reservation what the federal government refuses to fund.

San Juan County, Utah, maintains and improves all of the Indian Reservation Roads and bridges within the Utah section of the Navajo Reservation using mostly state and local tax revenues. The $325 per mile we receive annually from the Bureau of Indian Affairs to take care of 249 miles of roads has not increased since we first contracted for the responsibility more than two decades ago. We subsidize the federal government every year to try to make the primitive roads and bridges on the reservation passable so that Navajo families are not trapped by bad weather and worse policy.

By stepping into the boots of the federal government, San Juan County, Utah, has created a job training program for Native Americans that otherwise does not exist within the region. We are especially proud that we provide good paying jobs in and around the Navajo reservation, where the annual per capita income is $7,269 and the unemployment rate is 42.16%. In recent years, we have seen our first generation of Navajo employees -- those who first came to work for our Road Department thirty years ago and received job training to become heavy equipment operators and supervisors -- retire with good benefits. With your help, we can continue to provide their sons and daughters the same opportunity.

Unfortunately, like most other communities throughout the country, our state and local tax revenues are less this year than last, and we are struggling to maintain level funding for our Road Department just to keep labor force working and our roads open. Talk of a second economic stimulus package this year provides us with hope, but plans for this recovery package to only increase agency program funds for Highways and Bridges concerns us. Federal highway program funds are delegated to state departments of transportation, and are generally beyond the reach of communities like ours -- communities in and around Indian reservations. The strings that are attached with the Federal Highway Administration funds are overly burdensome and cost prohibitive in many cases.

There are two reasons San Juan County, Utah, other rural and tribal communities will not receive the same benefit from program funds as urban and suburban communities. First, we do not have the population numbers to compete for infrastructure program funds. Second, transportation project priority lists are based upon criteria that projects in the neediest communities have great difficulty fulfilling, so the least resourced communities continue to receive the least resources.

A plan to help those in need is only as good as the neediest it helps.

San Juan County, Utah, respectfully requests that this Committee consider a funding package that will reach communities like ours across the country. San

Juan County, Utah, specifically needs a direct infusion of federal dollars to ensure that we can keep providing jobs and services to our constituents who live on reservations. We recommend a set aside for counties that have over 50% Native American population and are providing road maintenance services on an Indian reservation.

We have several projects, both on the reservation and off, that are already engineered and could be ready to go very quickly if federal monies are made available. These would include, on the reservation:
West Hatch Trading Post Road
Navajo Route 35 Overlay Phase II
Oljeto Road Overlay Phase I
Bluff Walking Bridge
and off the reservation:
Lisbon Valley Road Phase IV

Thank you for considering the needs of our community. We invite you to visit San Juan County, Utah, to hold a field hearing within the Utah section of the Navajo reservation to see for yourself how the federal agencies are failing to meet the unmet needs of Indian Country. We look forward to working with you on this and other legislation, and offer our unique experience as San Juan County Commissioners as a resource for your Committee.

Chair, Secretary Frank J. Busalacchi, Wisconsin DOT
Vice Chair, Rail Manager Ken Uznanski, Washington DOT
Secretary-Treasurer, Deputy Commissioner Karen J. Rae, New York DOT

States for Passenger Rail Coalition
www.s4prc.org

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Washington
Wisconsin
California Capitol Corridor
Northern New England Passenger Rail Authority
Southern Rapid Rail Transit Commission

October 29, 2008

The Honorable James Oberstar
Chair, House Committee on
Transportation and Infrastructure
2365 Rayburn House Office Building
Washington D.C. 20515

The Honorable Corrine Brown
Chair, House Subcommittee on Railroads,
Pipelines and Hazardous Materials
2336 Rayburn House Office Building
Washington D.C. 20515

The Honorable John Mica
Ranking Member, House Committee on
Transportation and Infrastructure
2313 Rayburn House Office Building
Washington D.C. 20515

The Honorable Bill Shuster
Ranking Member, House Subcommittee on
Railroads, Pipelines and Hazardous
Materials
204 Cannon House Office Building
Washington D.C. 20515

Dear Chairman Oberstar, Chairwoman Brown, and Ranking Members Mica and Schuster:

The States for Passenger Rail Coalition is extremely appreciative of your efforts to include capital funding for state rail projects in the House economic stimulus bill for consideration by Congress and the President later this fall. With funds provided in this bill, the states are prepared to make long-term improvements to the system and to create good paying jobs for our citizens, so many of whom are in need.

The House-passed bill, HR-7110, provides $500 million for Amtrak capital projects. We want to say emphatically that the states can also put projects on the ground in the time frame dictated in this legislation, assuring the much needed stimulation of our economy.

Please recall the recent, over-subscribed program in which the Federal Railroad Administration granted $30 million to match local investments in rail capacity enhancement projects across the country. Fifteen planning and construction grants were awarded, with considerably more projects waiting in the wings to be funded. These projects will reduce delays, expand capacity on existing intercity passenger rail routes, and help establish new service where none exists today.

We realize how small the window of opportunity for funding these rail projects could be. Therefore, we urge you to support our request for inclusion of 100 percent federal funding for intercity passenger rail capital grants to states in the upcoming Stimulus II bill.

address: States for Passenger Rail Coalition c/o WisDOT Railroads and Harbors Section P. O. Box 7914 Madison, WI 53707-7914
voice: 608-266-9498 fax: 608-267-3567

States *for*

Passenger Rail Coalition

www.s4prc.org

The States for Passenger Rail Coalition stands ready to assist you in any way possible. We thank you so much for your time and attention to our needs.

Sincerely,

Frank J. Busalacchi

Frank J. Busalacchi
Chair, States of Passenger Rail Coalition
Secretary, Wisconsin Department of Transportation

Alabama
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Georgia
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Iowa
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Missouri
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North Carolina
Ohio
Oklahoma
Pennsylvania
South Carolina
Tennessee
Vermont
Virginia
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Wisconsin
California Capitol Corridor
Northern New England Passenger Rail Authority
Southern Rapid Rail Transit Commission

JOHN A. DEVIERNO
Attorney at Law
1100 CONNECTICUT AVENUE, N.W., SUITE 800
WASHINGTON, D.C. 20036

Direct Dial: 202 974-6801
Facsimile: 202 974-6803
Mobile: 202 744-6998
Email: jdevierno@cadotag.com

October 31, 2008

The Honorable James L. Oberstar, Chairman
Committee on Transportation and Infrastructure
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Enclosed for inclusion in the record of the Committee's hearing of October 29 is the statement of the transportation departments of Idaho, Montana, North Dakota, South Dakota, and Wyoming.

Respectfully submitted,

John A. DeVierno
Counsel to Transportation Departments of
Idaho, Montana, North Dakota,
South Dakota, and Wyoming

Enclosure

Comments of the Transportation Departments of
Idaho, Montana, North Dakota, South Dakota, and Wyoming

Submitted to the

Committee on Transportation and Infrastructure
United States House of Representatives

Regarding

Transportation Investment and Economic Recovery

October 31, 2008

The transportation departments of Idaho, Montana, North Dakota, South Dakota, and Wyoming ("we" or "our") respectfully submit these joint comments to the Committee on Transportation and Infrastructure and ask that they be included in the record of the Committee's hearing of October 29, 2008, regarding transportation investment and economic recovery.

We commend the Committee for its attention to this important issue. We are in broad agreement with the testimony submitted by AASHTO to the Committee for the October 29 hearing. We agree that transportation infrastructure investments have many economic benefits, long term as well as short term. Beyond that, we emphasize a few points.

- We support prompt enactment of legislation providing transportation infrastructure funding to aid economic recovery.
- We support a 100% Federal share for these investments as called for in H.R. 7110.
- We support a strong highway investment in recovery legislation; the $12.8 billion level included in H.R. 7110 is commendable, but we would support an even larger level.
- We support that these funds would come from the General Fund of the Treasury, as in H.R. 7110, not from the sorely pressed Highway Trust Fund.
- We support the distribution of these economic recovery highway funds pursuant to a regular formula, as per H.R. 7110.
- We intend to put any such funds to work as promptly as we can. States actually do not need encouragement or requirements to put these funds to use as quickly as possible. We think it important that the wording of the legislation show sensitivity to the circumstances of cold weather states that may not be able to undertake highway work in the winter. We think that the wording in H.R. 7110 is sensitive to that, allowing 180 days for obligation. We could have concerns with more restrictive wording or any other requirements being imposed on the funds beyond those in H.R. 7110.

- We support AASHTO's recommendation that this legislation also repeal the rescission of highway contract authority scheduled for 2009. Those rescissions, if not prevented, will make it harder for states to effectively implement highway programs and impede a sustained recovery and economic growth.
- We would support addition of language to the legislation directing USDOT to be expeditious in and to give priority to completing any reviews or administrative approvals associated with proposals by states to utilize this funding.

The transportation departments of Idaho, Montana, North Dakota, South Dakota, and Wyoming thank the Committee for its consideration of these comments.

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Written Testimony for the Record
By: JR Harding, Ed.D

Access to transportation and public rights-of-way are critical to ensuring the full integration of people with disabilities into the economic mainstream and in completing the vision of the Americans with Disabilities Act of 1990. Such access is a key to ensuring that people with disabilities have the ability to get from home to work and to places of enjoyment just as anyone without a disability does. Too often, man made barriers stand in the way of allowing people with disabilities the freedom to go where they need.

Individuals who are transportation disadvantaged, as defined by the state of Florida include: Those persons who because of physical or mental disability, income status, or age are unable to transport themselves or purchase transportation and are, therefore, dependent on others to obtain access to health care, employment, education, shopping, social activities, or other life-sustaining activities or children who are handicapped or high-risk or at-risk as defined in s. 411.202, Florida Statutes." (Chapter 427, Florida Statutes)

A national study conducted by the U.S. Bureau of Transportation Statistics in 2002 found that 6 million people with disabilities have difficulties obtaining the transportation they need. Moreover, the state of Florida was unable to provide or facilitate mobility for 2,000,000 TD trips during the 2007 calendar year. Research in 2000 by the Harris Poll showed that nearly one-third of people with disabilities report having inadequate access to transportation, which in turn, prohibits individuals from working, getting back and forth from the doctor, and otherwise self-sufficiency within the community.

Several reports and pending legislation support this contention. Together they form a blueprint of activities that, if completed, will help move the country forward toward the vision that Congress and the President had in 1990 during the passage of the Americans with Disabilities Act.

Perhaps the most comprehensive report is one completed in September 2007 by the Government Accountability Office entitled, "Transportation Accessibility - Lack of Data and Limited Enforcement Options Limit Federal Oversight". This report detailed the importance of access to transportation and public rights-of-way and spelled out several recommendations to Federal agencies. These included:

- improving the availability of data on ADA compliance
- improving the Federal Railroad Administration's ability to oversee Amtrak's progress in implementing the ADA through reporting on the accessibility of its stations
- developing and disseminating guidance for creating and updating transition plans

Another report by the National Council on Disability in July 2007 entitled, "The Impact of the Americans with Disabilities Act: Assessing the Progress Toward Achieving the Goals of the ADA" showed that:

- public transit systems have made significant progress in becoming more accessible, especially to wheelchair users but private transportation companies lag behind
- people in rural areas continue to be underserved by public transportation
- a significant number of curb ramps have been installed and sidewalks have been made more accessible in some areas, but full access to public rights-of-way lags behind that of other facilities and there are no regulations for public rights-of-way access

The National Council also issued a report in June 2005 titled, "The Current State of Transportation for People with Disabilities in the United States" which supports contention that more needs to be done. NCD's 2005 transportation report found that:

- many transit agencies fail to announce bus stops
- problems persist with the maintenance of accessibility equipment, such as bus lifts
- wheelchair and scooter securement are too often inadequate
- the ADA's limited key station requirement has meant that some of the large, old East Coast rail systems have few accessible stations
- some rail systems fail to maintain elevators in working order and fail to inform riders when elevators are out of service
- the gap between trains and platforms still impose barriers
- the lack of enforceable standards for public rights-of-way remains a significant problem

Additionally, there are several pending bills in Congress which address transportation and public rights-of-way accessibility. One is H.R. 6003, the Passenger Rail Investment and Improvement Act of 2008. Section 211 of the bill would require Amtrak to evaluate the improvements necessary to make the stations that it serves accessible to individuals with disabilities by the 2010 statutory deadline for station accessibility under the ADA.

Another bill, H.R. 5734, the Pedestrian Safety Enhancement Act of 2008, directs the Secretary of Transportation to conduct a study aimed at "quiet" cars and their effects on the ability of people who are blind to travel safely and independently in urban, rural, and residential environments.

Yet another bill, S. 2686, the Complete Streets Act of 2008, would promote the design of streets that are safe for all of those using the street including motorists, bus riders, bicyclists, and pedestrians, including people with disabilities.

Many cities are improving their infrastructure for people with disabilities through voluntary efforts. In 2002, the city of Los Angeles concluded its ADA transition plan and had installed over 22,500 curb ramps. In the few years, Memphis, Tennessee had

installed over 3,000 curb ramps and was committed to installing 1,000 curb ramps a year for the foreseeable future. Culver City, California had ramped 96 percent of its curbs by 2003.
However, not all cities and localities achieve accessibility through voluntary means. In New York City the city was sued because, by 1994, the city had not installed curb ramps at two-thirds of its street corners, and had no transition plan in place. When the City finally issued a transition plan five months after suit, the plan did not contain a schedule for ramping its 106,000 street corners without curb ramps. In September 2002, the city agreed to a settlement to commit approximately $218 million to make all of its 158,738 street corners accessible to wheelchair users.

The City of Chicago was sued over inaccessible curb ramps in 2005. The City of Sacramento, California, was sued over inaccessible sidewalks and curb ramps and reached a settlement in 2004 requiring the city to spend 20 percent of its annual transportation funds on sidewalks and curb ramps for up to 30 years. The City and County of Honolulu were sued twice for failing to timely implement their transition plan for installing curb ramps, finally agreeing in 2001 to install 7,600 ramps by 2007.

An administrative decision against the Maryland State Highway Administration found that it was in violation of the ADA for failure to provide accessible pedestrian signals for blind pedestrians. And, an agreement on making roundabout intersections safe for pedestrians by allowing them to push a button to activate a light, stop traffic, and emit a chirping sound has been reached between the Oakland County, Michigan road commission and an attorney for three blind individuals.

Although there are indications that accessibility is improving, the extent of compliance with the ADA's requirements for surface transportation and public rights-of-way is unknown because, except for public transit, little reliable information is available. Where information is available it shows that progress has been made; transit agencies report that the percent of accessible transit buses in urban areas increased from 36 percent in 1989 to 97 percent in 2005 as new, accessible vehicles replaced older ones but, all communities do not have transit systems, thus leaving people transportation disadvantaged.

However, problems persist in compliance with other ADA requirements, such as maintaining lifts and ramps and announcing transit stops. For compliance in public rights-of-way and other transportation modes, less is known. But we know that based on the above mentioned lawsuits, decisions, and city reports that many compliance gaps remain which pose significant problems to transportation for people with disabilities.

Greater investment in our urban and rural infrastructure that enhances mobility for the transportation disadvantaged community will result in greater freedom, greater independence, and more economic activity for all Americans. Future appropriations in our infrastructure will serve all Americans better when the universal approach to mobility is articulated and funded. Through this investment, we will free millions of Americans currently mobility disadvantaged because of the lack of ramps, sidewalks, buses, and related transit vehicles. Florida State University, in the spring of 2008, completed the first ever return on investment study for dollars flowing through the transportation disadvantaged coordinated system. For every dollar the state and local folks invested to provide mobility for those who are transportation disadvantaged, there was a very conservative investment of $8.35 return. In the aggregate, Florida's $360 million annual investment returns exceeded $3 billion.

During our current economic downturn, the need for economic growth is greater than ever. Investing in our infrastructure and the mobility of our nation's transportation disadvantaged is a proven return. This investment immediately addresses the underserved population, but also serves the mainstream needs at the same time.

If you have any questions or concerns regarding this testimony, please do not hesitate to reach out.

Respectfully,

JR Harding Ed.D
Chairman of the Transportation disadvantaged Commission, State of Florida
Email: jrfsu@comcast.net
Phone: (850) 510-4628

STATE OF NORTH CAROLINA
TURNPIKE AUTHORITY

MICHAEL F. EASLEY
GOVERNOR

1578 MAIL SERVICE CENTER, RALEIGH, N.C. 27699-1578

DAVID W. JOYNER
EXECUTIVE DIRECTOR

October 28, 2008

The Honorable James L. Oberstar, Chairman
House Committee on Transportation and Infrastructure
Rayburn House Office Building
Room 2165
Washington, D.C. 20510

Re: Hearing on "Investing In Infrastructure, The Road to Recovery," October 29, 2008

Dear Chairman Oberstar:

I am submitting this letter for the record of the Hearing on "Investing In Infrastructure, The Road to Recovery" being held Committee on Transportation and Infrastructure of the United States House of Representatives on October 29, 2008. As Executive Director of the North Carolina Turnpike Authority (NCTA), I wish to express my strong support for the U.S. Department of Transportation (USDOT) program implementing the Transportation Infrastructure Finance and Innovation Act, known as TIFIA. Since its inception in 1998, TIFIA has provided $4.8 billion in credit assistance to 15 projects representing almost $18.6 billion in infrastructure investment.

The budget authority required to pay for the cost of this credit assistance (similar to a private bank's loan reserves) has amounted to only $369 million in direct cost to the Federal Government. In other words, TIFIA assistance has leveraged more than 50 times its value in dollars invested in infrastructure.

Currently, TIFIA has a pipeline of projects seeking approximately $5 billion in credit assistance that would require at least $350 million in budget authority. We strongly urge the Congress to consider an expansion of the TIFIA program, either separately or as part of the next economic stimulus package. Stimulus proposals using traditional grant funding have their place, but planning, environmental, and design requirements mean that the beneficial effects of such measures often come long after the stimulus funds are made available. By providing an immediate increase in budget authority for the TIFIA program, the Congress can advance to financial closing projects that are ready now to commence construction.

By way of background, the NCTA was created in 2002 by the North Carolina General Assembly in response to concerns about rapid growth, soaring construction costs, heavy congestion and dwindling resources. The NCTA is authorized to study, plan, develop, construct, operate and maintain up to nine projects throughout the State. In pursuing its mission, the NCTA has initiated an ambitious program of toll roads and public private partnerships to improve transportation and reduce congestion for the people of North Carolina, and enhance mobility for motorists through and to our State. The NCTA program has allowed North Carolina to pursue projects that would have been impossible to consider given the limited resources available to the North Carolina Department of Transportation (NCDOT) using traditional sources of state and Federal funds.

NCTA has found the TIFIA program and staff to be supportive partners in its efforts to advance the financing of our projects. These loans not only provide much needed capital, but by being more willing to lend at a favorable interest rate, the TIFIA program allows us to secure private capital at an affordable price which allows us to complete our plan of finance. Without this significant boost, some of our most important projects simply would not be built. *Again, TIFIA credit support will produce immediate economic benefits and leverage far fewer public dollars than any other use of Federal funds.*

By providing additional funding for the TIFIA Program and making a few procedural changes, Congress can support the construction of large public works projects in North Carolina and other states. Moreover, in doing so, it will strengthen equity markets by providing for secure, long term investments that are good for our economy.

Unlike stimulus projects that require a large infusion of grant money, TIFIA, an already existing transportation Federal credit program, combines Federal loans, some public funds, and private equity. This blend of public and private dollars lets the Federal government use its leverage to construct large public transportation projects with a minimum of budget authority. Because the TIFIA program is designed to provide credit assistance to the extent that private lenders and equity investors are willing to participate, TIFIA continues to work in a tight credit market. With only a few changes TIFIA funding could become even more attractive to private investors, resulting in even more transportation projects at a lower cost to State and Federal transportation agencies.

In the past, Congress has rescinded or reprogrammed the funds it originally made available for the TIFIA program due to the perception that such funds could not be obligated. However, the program is now oversubscribed and is more than able to make full use of the funds provided. Just by restoring the programmatic funding levels that have been provided to the TIFIA program in the past, Congress can take an important step to achieving the benefits outlined in this letter.

Recently, USDOT approved the $1.252 million Triangle Expressway Project for a $413 million TIFIA loan. This critical project which services the high-tech Research triangle Park will help bring thousands of jobs to our state and significantly bolster our economy. We understand that the "subsidy rate," that is the amount that FHWA will have to obligate in order to cover the cost of the loan to the Federal government, should have been only $ 30 million. However, because so little budget authority remains available in this program, USDOT has, for the first time, required borrowers to pay a substantial portion of this subsidy cost so that precious TIFIA funds can remain available for additional projects.

We acknowledge that USDOT has the legal authority to require borrower support, and, in spite of the adverse consequences for our financial plan for this project, we understand why they felt that this action was necessary. However, given the enormous public benefits of the TIFIA program for North Carolina and many other states, we think it a shame that USDOT is forced into this difficult position. Rather than curtailing the program, having to choose between winners and losers, and making it more expensive for those few projects that are able to obtain credit assistance, USDOT should be able to extend TIFIA credit assistance to as many states as meet the qualifying criteria.

Again, we urge the Congress to expand and improve this important program to help provide an enormous economic stimulus to our ailing economy and meet our states' immediate infrastructure needs. We appreciate the Committee's consideration of this urgent request.

Sincerely,

David W. Joyner

cc: The Honorable John Mica
The Honorable Peter A. DeFazio
The Honorable Heath Schuler
The Honorable Howard Coble

TESTIMONY

By

THE WATER INFRASTRUCTURE NETWORK

(WIN)

BEFORE

THE HOUSE TRANSPORTATION and INFRASTRUCTURE COMMITTEE

"Investing in Infrastructure: The Road to Recovery"

October 29, 2008

Introduction

The Water Infrastructure Network (WIN) would like to commend the Committee on the timeliness of this morning's hearing and register our **strong support for the inclusion of $10B in a second economic stimulus package for ready-to-go wastewater infrastructure projects.** As America's leading construction, engineering, labor, conservation, manufacturing and municipal organizations, WIN estimates that a targeted investment of $10 billion in ready-to-go wastewater infrastructure projects will create over 400,000 construction, manufacturing and engineering jobs and have an immediate positive impact on our economy.

The documentation of our nation's daunting water infrastructure needs and the identification of ready-to-go wastewater projects are well-established. The Environmental Protection Agency, the Government Accountability Office, the Congressional Budget Office and WIN have all projected shortfalls in clean water infrastructure funding approaching $500 billion over the next two decades. This Committee has long recognized our nation's enormous water infrastructure funding needs and in the First Session of the 110th Congress reported the $14 billion *Water Quality Financing Act* and the $1.8 billion *Water Quality Investment Act*. Both measures were approved by the Full House of Representatives with overwhelming bipartisan support.

With respect to the pool of ready-to-go wastewater projects there is also thorough documentation. As Ken Kirk, the Executive Director of the National Association of Clean Water Agencies, noted in a recent letter to Speaker Pelosi: "NACWA's own recent survey shows that NACWA members alone have identified nearly $3 billion in ready-to-go infrastructure projects. Based on these responses, NACWA estimates that there are at least $10 billion in ready-to-go projects when extrapolated nationally." It is important to note that a $10 billion investment in ready-to-go wastewater infrastructure projects represents only about 2 percent of the identified water infrastructure funding need.

Water Infrastructure Investment and Job Creation

Investment in water infrastructure is a time proven method for creating high quality jobs across multiple sectors of the economy. The multiplier affect of water infrastructure investment, **approximately 47,500 jobs created per billion dollars of federal investment**, was highlighted in a recent report by Food & Water Watch. According to the report, "Clean Waters: Why America Needs a Clean Water Trust Fund," one billion dollars invested in federal infrastructure creates 47,500 jobs, $1.3 billion in worker income, and prompts about $6.1 billion in overall economic activity. Food & Water Watch, a Washington, DC-based consumer advocacy organization, urges Congress to include $10 billion for wastewater infrastructure in the latest Economic Stimulus Package.

America needs the thousands of jobs that investment in ready-to-go wastewater projects will create. According to the Associated General Contractors of America (AGC), it is estimated that $100 billion of new infrastructure projects have been delayed due to the tight credit market. The upheaval on Wall Street is delaying or stopping projects all over the country. **AGC believes these delays coupled with construction materials cost inflation have resulted in fewer contracts going out to bid and the loss of approximately 52,000 construction jobs in recent months.**

The Associated Equipment Distributors (AED) have experienced similar economic challenges. The downturn n the housing market has led to a general construction slowdown. This has taken a toll on construction contractors and the companies that supply them, including equipment distributors. Contractors have been reluctant to take advantage of the Economic Stimulus Act's depreciation bonus and Sec. 179 expensing increases to buy new equipment when their fleets are sitting idle and their companies aren't profitable. **AED posits that infrastructure stimulus would give contractors an immediate reason to buy new equipment, hire new workers, and, just as importantly, become optimistic about the future.**

The Construction Management Association (CMAA) is also calling for the inclusion of funding for ready-to-go wastewater projects in the Stimulus Package, "**because these investments are proven to generate jobs, subcontracts, materials purchases and many other immediate economic benefits.**" CMAA also noted the following, "significant advances in Construction Management practices and technologies are enabling funds to be spent much more efficiently and productively than ever before. As a result, the proposed funding will not only yield an immediate economic benefit but will be better spent and produce better project outcomes than ever before.

According to Jeffrey New, President of the American Supply Association (ASA), "The recent economic downturn has made it even more difficult for communities across the country to move forward with much-needed infrastructure projects that could be started immediately, but they lack the necessary funding. This in turn has threatened the economic viability of a countless number of small wholesalers and contractors throughout the country that provide products and manpower for these projects. Inclusion of these types of 'ready-to-go' projects in the stimulus package will have an immediate and positive impact on the economy, while also providing important environmental and public health benefits to our communities." On behalf of all ASA members, Mr. New urges the Committee to "quickly move forward with an economic stimulus package that includes funding for water and wastewater infrastructure projects as soon as possible."

The jobs created through infrastructure investment will benefit communities of every size in every region of the country. It is important to note that historically, a full 64 percent of State Revolving Fund loans have gone to communities of fewer than 10,000 residents.

Ready-To-Go Wastewater Projects

There are billions of dollars in ready-to-go wastewater projects, projects that can be found in every state and nearly every Congressional District. As Steve Sandherr of AGC noted in the *Washington Post* on October 21, 2008, there are "more than 3,000 road and other projects, including wastewater infrastructure projects, that could put people to work immediately with an injection of nearly $30 billion. All the regulatory compliances have taken place, they're just sitting on a shelf waiting for the state to put them to bid."

Testimony before the Water Resources and Environment Subcommittee by Kurt Soderberg, Executive Director of the Western Lake Superior Sanitary District provides further insight into the enormous volume of ready-to-go wastewater projects. Mr. Soderberg noted, **"Minnesota takes maximum advantage of the SRF capitalization. Minnesota makes loans of about $100 million annually, but still has an active list of another $200 million in unmet needs per year."**

Conclusion

Including $10 billion for ready-to-go wastewater infrastructure projects in the next Stimulus Package will create hundreds of thousands of new jobs in the short term, enhance America's competitiveness in the future and dramatically improve water quality. The fifty two construction, engineering, labor, conservation, manufacturing and municipal organizations that comprise WIN are committed to working with the Transportation and Infrastructure Committee to secure timely investments in ready-to-go wastewater projects.

WIN Members

- **National Association of Clean Water Agencies**
- **Associated General Contractors of America**
- **American Society of Civil Engineers**
- **American Public Works Association**
- **American Council of Engineering Companies**
- **International Union of Operating Engineers**
- **Natural Resources Defense Council**
- **Water Environment Federation**
- **Western Coalition of Arid States**
- **Laborers International of North America**
- **American Rivers**

- **American Sportfishing Association**
- **Rural Community Assistance Partnership**
- **Association of California Water Agencies**
- **American Supply Association**
- **Theodore Roosevelt Conservation Partnership**
- **United Brotherhood of Carpenters**
- **Design Build Institute of America**
- **Associated Equipment Distributors**
- **Food and Water Watch**
- **National Construction Alliance**
- **Clean Water Action**
- **Clean Water Construction Coalition**
- **Construction Management Association of America**
- **Association of Equipment Manufacturers**
- **Trout Unlimited**
- **Vinyl Institute**
- **Uni-Bell PVC Pipe Association**

- **Portland Cement Association**
- **Ducks Unlimited**
- **California Association of Sanitation Agencies**

WATER RESOURCES COALITION

STATEMENT OF

THE WATER RESOURCES COALITION

TO THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES

FOR A HEARING ON

INFRASTRUCTURE INVESTMENT: THE ROAD TO RECOVERY

OCTOBER 29, 2008

Mr. Chairman, Ranking Member Mica, and members of the Committee, the Water Resources Coalition is submitting this statement for inclusion in the record of your October 29, 2008 hearing on how infrastructure investment will lead our economy down the road to recovery.

The Water Resources Coalition was established in 2007 to promote the development, implementation and funding of a comprehensive national water resources policy. With member organizations representing state and local governments; conservation, engineering, and construction; ports, waterways, and transportation services, the Coalition works to ensure that a comprehensive, national water resources policy is developed, implemented, and funded to provide a sustainable, productive economy; healthy aquatic ecology; and public health and safety. Because of the breadth of the Coalition's membership, many of our members have extensive experience with various types of federal, State, and local water resources projects ranging from water supply to environmental restoration, to storm damage reduction and navigation. At the federal level, each of us works closely with both the Corps of Engineers and the Bureau of Reclamation.

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improve, prevent, save

www.waterresourcescoalition.org

ASCE
101 Constitution Ave., NW
Ste. 375 East
Washington, DC 20001
202-789-7850 (ASCE)

AGC
2300 Wilson Boulevard
Suite 400
Arlington, VA 22201
703-837-5325 (AGC)

The Coalition urges this Committee to recommend to the full House economic stimulus activities, such as infrastructure investment, that would have an immediate positive impact on economic activity. **We urge the Congress to include substantial investment, at least $5 billion, in water resources as part of any package.**

State of the Economy

The recent financial crisis has also hampered the ability of state and local governments and public agencies to borrow short term, delaying or eliminating various infrastructure improvement projects. At the state and local level, budgets have declined significantly because of the decline in home values, resulting in lower property tax collections. The recent financial crisis has also hampered the ability of state and local governments and public agencies to borrow short term, delaying or eliminating various infrastructure improvement projects. According to Municipal Market Advisors, a consulting firm that specializes in municipal bonds, $100 billion of new infrastructure projects have been delayed because of the constricted credit markets.

The continued lack of substantial investment in our nation's infrastructure is reflected in increasing nationwide unemployment numbers. Heavy and civil engineering construction employment peaked in June 2007 and has steadily decreased over the past 16 months. There was more than a 5 percent decrease in these jobs over that period, which equates to 52,000 construction employees now out of work. This worrisome trend should be stopped now.

An infusion of federal infrastructure funding would have a direct stimulus effect by putting more contractors and their employees back to work and many leading economists agree that infrastructure investment does have a powerful stimulating effect on the U.S. economy.

Water Resources Development

The Corps of Engineers operates and maintains 240 locks at 195 locations along 12,000 miles of inland waterways. The average lock on these waterways is 53 years old—past the 50-year service life. It costs on average about $600 million to replace a lock. If we were to replace just half of the 240 locks that are known to be beyond their design life, we would need to spend $72 billion. Simply to rehabilitate the other half of the system would cost another $30 billion. That's more than $100 billion just to bring our antiquated waterways into the 21st century. At the annual rate of spending of $180 million in the administration's budget proposal for FY 2009, it would take the Corps 20 years simply to fund all the inland waterways projects authorized in WRDA 2007.

We estimate that $5 billion invested in water resource projects would create over 140,000 new jobs. Of this total, almost 40,000 would be new private sector jobs with average salaries ranging from $38,000 to $42,500. Over 100,000 additional new jobs would be created in industries supplying the water resource projects funded by the stimulus and the goods and services needed by the workers and their families.

Both the U.S. Army Corps of Engineers and Bureau of Reclamation have construction and operations and maintenance backlogs for which additional funding would create immediate employment opportunities. While the time it would take to ramp up would vary depending on the project, the good news is that the stimulus would continue for several years, particularly for a very large construction project. However, expenditures—and thus, job creation— for on-going and smaller projects, including dredging and operations and maintenance work, would be higher up front. In the case of on-going projects, contractors are already mobilized and performing work, but the amount of work they can perform is limited by available funds. With additional funding, contractors could hire more workers immediately and complete the project more quickly

There are several other important benefits to stimulus funds for water resources projects identified by the Corps of Engineers. Such funding would:

- Substantially reduce the backlog of critical maintenance and repairs at approximately 360 multiple purpose flood control, hydropower, recreation, water supply, and navigation projects.
- Repair several high risk dam safety projects.
- Rehabilitate and upgrade hydropower plants to achieve an industry standard 98 percent availability.
- Recapitalize the oldest and most at-risk projects on our inland waterways system.
- Fully dredge to authorized depth the nation's 296 highest use, deep draft, commercial ports.
- Fully dredge our inland waterways to authorized depth and width.
- Repair and upgrade critical coastal protection projects that serve as defense to key population centers.

The nation's Marine Transportation System contributes 30 percent of the nation's Gross Domestic Product through the movement of petroleum, coal, and other energy products to power plants and consumers and through the export of agricultural and other products to global trade partners improving the nation's balance of trade. Approximately 2.6 billion tons, or 94 percent, of the nation's commercial import and export commerce, valued at over $620 billion, is moved on the channels and waterways. Failure to maintain channels creates a drag on the economy and may slow economic growth. Additional investment in our nation's waterways would be used to improve channel availability of our coastal ports from 32 percent to 95 percent, and would improve inland waterway lock and channel reliability and availability by reducing lock closures due to mechanical failures from 27,000 hours to 10,000 hours per year.

Finally, investment in this sector will greatly expedite the construction of critical environmental projects, completing projects sooner, returning critical ecosystems to a more natural state. Projects producing beneficial impacts on more than 1 million acres could be expedited. Of these outputs, approximately 90 percent are nationally significant and would contribute greatly to long-term environmental sustainability.

The Harbor Maintenance Trust Fund

The current state of the nation's ports and harbors requires a significantly larger increase in spending. Accordingly, we remain concerned about the current balance in the Harbor Maintenance Trust Fund (HMTF). As of September 30, 2006, the balance in the HMTF was $3.306 billion, an increase of $523 million (18.8 percent) over the FY 2005 year-end balance, even after all fund transfers to the Corps. The balance in the HMTF increased to $3.749 billion in FY 2007 and to an estimated $4.728 billion in FY 2008. Revenues have substantially exceeded transfers to the Corps for a number of years despite the demonstrated need for harbor improvements.

As Congress considers additional opportunities to invest in water resources spending to stimulate the economy, the surplus in the HMTF should not be overlooked as an immediate source of revenue to fund these critical projects. Furthermore, as Congress looks towards long-term investment, the Coalition strongly recommends enactment of legislation setting the obligation authority each year equal to projected prior-year revenues collected in the HMTF.

Economic Stimulus Legislation

The Water Resources Coalition greatly appreciates the action taken by the House in September in passing H.R. 7110, which would provide additional supplemental appropriations for a number of major federal construction programs to stimulate economic recovery through infrastructure investment and direct and indirect job creation. That bill would provide almost $5.5 billion in additional water resources investment, including $5 billion for the U.S. Army Corps of Engineers and $426 million for the Bureau of Reclamation. The Coalition strongly supports this additional investment and urges the Congress to reconsider this or other similar legislation as soon as possible in the upcoming weeks.

Thank you for this opportunity to comment. The Water Resources Coalition looks forward to working with the Committee on this critical issue.

WATERWAYS
COUNCIL, INC.

October 28, 2008

The Honorable James L. Oberstar
Chairman
Committee on Transportation
and Infrastructure
United States House of Representatives
Washington, DC 20505-6256

The Honorable John L. Mica
Ranking Member
Committee on Transportation
and Infrastructure
United States House of Representatives
Washington, DC 20505-6256

Dear Chairman Oberstar and Ranking Member Mica:

Thank you for providing Waterways Council, Inc. (WCI) with the opportunity to submit testimony as a part of the Committee's consideration of "Investing in Infrastructure: The Road to Recovery" on the contribution that investment in the inland waterways transportation system can make to job creation and economic recovery. WCI is the national public policy organization that advocates for a properly funded and well-maintained system of inland waterways and ports. Our diverse members include waterways carriers, shippers, agricultural interests, port authorities, trade unions, shipping associations and waterways advocacy groups from all regions of the country.

Because of our natural geographic bounty as well as the special foresight and enlightened investment decisions made by generations who preceded us, our Nation is blessed today with the world's preeminent inland waterways transportation system. The system is made up of approximately 12,000 miles of commercially active inland and intracoastal waterways. Of this total, nearly 11,000 miles comprise the "fuel-taxed portion" of the system, on which commercial operators pay a diesel fuel tax that is deposited into the Inland Waterways Trust Fund. This tax pays for half of the cost of new construction and major rehabilitation of the system's infrastructure.

According to the Army Corps of Engineers, that infrastructure includes 257 navigation lock chambers at 212 sites that are owned and operated by the Federal government. The locks and accompanying dams allow users of all types, commercial and recreational, to stair-step their way through the system while being assured that the depths that those users require will be available. These locks and dams require constant attention and financial support, both in terms of Operation and Maintenance funding to keep them reliably available to users throughout the year, as well as modernization funding, where economically justified, to improve the system's efficiency and add to the Nation's economic well-being and standard of living.

Our inland waterways system is a valuable resource, critically important to the Nation's economy. Hundreds of millions of tons of domestic commerce valued at $300 billion annually

801 North Quincy Street • Suite 200 • Arlington, Virginia 22203 • 703.373.2261 • 703.373.2037 Fax • www.waterwayscouncil.org
Midwest Office • 225 South Meramec Avenue • Suite 305 • St. Louis, Missouri 63105 • 314.436.7303 • 314.721.1129 Fax

are transported on the system. Because barges are so well suited for the movement of large quantities of bulk materials – like grain, coal, petroleum, chemicals, iron ore, steel and building materials – Americans are able to realize tremendous savings in transportation costs, fuel consumption, air emissions, traffic congestion, and safety from waterborne barge transportation. The transportation cost savings alone have been estimated to exceed $7 billion annually compared with the cost of shipping this tonnage by alternative modes.

Congress and the Administration recognize the importance of the inland waterways transportation system and the need to sustain and increase the reliability of this system, now and for our future. In its FY2009 budget request, the Administration asked Congress to fund 14 inland waterway system lock and dam modernization projects, including major rehabilitation projects, throughout the Nation. In the individual FY2009 Energy and Water Development Appropriations bills that were approved by the House and Senate Appropriations Committees, but were not considered on the floor of either chamber prior to the pre-election recess, funding for all of the Administration-requested lock and dam modernization projects was supported by either the House or Senate Appropriations Committees. Two additional modernization projects were added in one or the other Committee marks, bringing the total of Congressionally-supported lock and dam modernization projects to 16.

Given the purpose of today's hearing and the goal of job creation and economic recovery, based on preliminary information, WCI estimates that these 16 lock and dam modernization projects could productively and quickly (perhaps as soon as within 90 days of date of enactment) use approximately $1-$1.5 billion to expedite job-creating construction work associated with the projects. Because the current balance in the Inland Waterways Trust Fund (IWTF) and expected near-term diesel tax revenues are not sufficient to support the full needed $1-$1.5 billion spending level under the current cost-sharing requirements, WCI urges Congress to transfer $500-$750 million from the general fund into the IWTF to support this $1-$1.5 billion lock and dam construction funding need, the full amount of which should be made available for these important modernization projects in the economic stimulus bill currently under consideration in the Congress. Alternatively, the full $1-$1.5 billion amount of funding needed for lock and dam modernization should be provided in the economic stimulus bill at full Federal expense to expedite this important inland navigation system job-creating work. This approach would be similar to the step taken a little more than a month ago when the balance in the Highway Trust Fund experienced a shortfall and Congress solved the problem by transferring $8 billion from the general fund into the Highway Trust Fund for road and bridge projects,

In addition to the $1-$1.5 billion for lock and dam construction and modernization discussed above, WCI urges Congress to appropriate an additional $500 million in the stimulus bill for productive, high-priority, employment-enhancing Operation and Maintenance (O&M) work on the inland waterway system. Maintenance and repair of lock gates is critical to ensuring waterways reliability.

This funding will not only immediately create jobs in the construction, major rehabilitation and maintenance performed on these inland waterways projects, it will create and sustain jobs throughout the inland waterways-dependent segments of the economy. Ultimately, this action will benefit every American who turns on a light powered by the electricity that was generated by the coal that moved on the inland waterways, who eats in the morning the bowl of cereal that was made from the grain that moved by barge, and who drives a car because of the fuel that was transported by barge. WCI very much appreciates the leadership of this Committee on these infrastructure issues and job creation efforts, and we pledge our continued support to assist you in your efforts.

In closing, we urge Congress to include in the economic stimulus legislation an appropriation of $1.5-$2 billion for this Corps of Engineers Civil Works Program work, $1-$1.5 billion of which would be for construction of lock and dam modernization projects, including major rehabilitation projects, throughout the inland waterway system and $500 million of which would be for O&M work throughout the system. This investment will not only help modernize and improve the reliability of this important national asset, it will expedite job-creating construction work associated with the projects, helping to stimulate the Nation's economy.

Sincerely,

R Barry Palmer

R. Barry Palmer
President and CEO