

**RAIL MODERNIZATION: GETTING TRANSIT BACK
ON TRACK**

HEARING
BEFORE THE
SUBCOMMITTEE ON
HOUSING, TRANSPORTATION, AND COMMUNITY
DEVELOPMENT
OF THE
COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE
ONE HUNDRED ELEVENTH CONGRESS
FIRST SESSION
ON
EXAMINING THE INVESTMENT THAT IS NEEDED TO KEEP OUR
EXISTING TRANSIT SYSTEMS THRIVING

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AUGUST 4, 2009
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TUESDAY, AUGUST 4, 2009

U.S. SENATE,
SUBCOMMITTEE ON HOUSING, TRANSPORTATION, AND
COMMUNITY DEVELOPMENT,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee convened at 2:30 p.m., in room SD-538, Dirksen Senate Office Building, Senator Robert Menendez (Chairman of the Subcommittee) presiding.

OPENING STATEMENT OF CHAIRMAN ROBERT MENENDEZ

Chairman MENENDEZ. Good afternoon. This hearing will now be in order.

Let me say that we take very seriously our responsibility on this Subcommittee over the jurisdiction that we have over transit issues because certainly in my home State of New Jersey, I believe that we are a transit leader. New Jersey invests 40 percent of our transportation capital in transit, and as a result, we are the only State where 10 percent of workers who commute by transit.

I have worked hard this Congress to show how increased Federal investment in transit could result in the continued expansion of public transportation options and in turn facilitate economic growth, create jobs, improve energy security, lower greenhouse gas emissions, anchor more sustainable communities, and alleviate traffic.

But today, I want us to look at the investment that is needed to keep our existing transit systems thriving.

In April, the Federal Transit Administration released a pretty astonishing report. It estimated that at just the seven largest transit agencies, there is a \$50 billion backlog in projects needed to maintain a state of good repair. To address this backlog over 12 years, the same report estimated that spending on these needs would have to almost double, from \$5.4 billion that was spent in 2006 to over \$10 billion per year. In short, the report says that if we do not increase our investment in upgrading and maintaining transit systems soon, we will inevitably face a crisis.

The April 2009 FTA report gave us the facts and the figures, but I think we can all agree that the real wake-up call about the condition of our Nation's transit equipment was the tragic events of June 22 of this year. On that day, just after 5 p.m., a Washington Metro train plowed into another train that had stopped on the

same track. Nine people, including a train operator, were killed and 80 were injured.

Our thoughts and prayers are with all of those affected by this terrible accident, and one of the most important things we, the Federal Government, can do to honor the memories of those who died in this tragedy is to provide agencies the resources needed to keep this from happening again. The investigation of the cause of the crash is ongoing, but one of the factors the National Transportation Safety Board is looking at closely is the computerized signal and operation system and other aging equipment.

Going forward, we need to make sure this tragedy is not repeated. I want to be clear that I believe that the Washington Metro system is safe and that WMATA, working with the National Transportation Safety Board, will learn from this tragedy and make sure it is not repeated.

But as a Federal Government, we need to ensure that we are adequately monitoring and providing resources to keep these systems running efficiently and safely. We will hear testimony from the FTA and from transit agencies around the Nation about how we can do better, but there are a few areas I hope I can get each of you to touch upon.

It is clear that we need more funding for the Rail Modernization Program. I believe the Committee needs to consider whether we need a temporary funding regime to get through the, quote, "state-of-good-repair" backlog and perhaps even explore emergency spending authority as situations arise that are particularly urgent or acute. I would like to hear your ideas about funding needs and about how best to structure those investments.

In addition to the additional funding that may be needed, I think the FTA should work with agencies to more effectively use the resources they already have. To that end, I believe the FTA should develop a program to provide technical assistance to help these agencies manage and maintain their assets.

I also know there is a lot of interest in and quite differing views on whether and how to modify the existing Fixed Guideway Modernization Fund formula. I don't want this hearing to become a squabble between transit systems, but nevertheless I would like to have input on the topic.

There were several agencies that wished to participate today but could not. I welcome them to provide their input to the Committee in writing on this or any other topic.

Last, I think we need a better understanding of what the definition of, quote, "state of good repair" is so that the FTA and all our agencies are on the same page. We also need to develop a system to report the condition of transit assets. I do not want transit systems to be bogged down in red tape, having to report the condition of every nut and bolt, but it does appear that we need more information and transparency.

So I look forward to hearing from all of you on our two panels, starting off with our distinguished Administrator of the Federal Transit Administration, and to think together how we can ensure that our Nation's fixed guideway systems continue to serve our communities as safely and as smoothly as possible.

Before I turn to the Administrator, I ask my distinguished colleague from Hawaii, Senator Akaka, if there is any statement you want to make at this time.

STATEMENT OF SENATOR DANIEL K. AKAKA

Senator AKAKA. Thank you very much, Mr. Chairman. I want to thank you for convening this Subcommittee hearing on Housing, Transportation, and Community Development and to welcome our witnesses.

Mr. Chairman, an essential component of the next Surface Transportation Reauthorization will be increasing the availability of resources to repair, upgrade, and expand rail transit systems. Although it is important to repair and modernize our Nation's existing rail infrastructure, we must also continue to develop rail in areas without existing systems to improve the mobility of residents and promote smarter growth.

The City and County of Honolulu continues to develop its rail system. The local contribution toward the project will likely be 70 percent of the project costs, but it will still need significant Federal support.

I thank our witnesses for appearing today and look forward to working with the Members of the Committee and the Administration to increase the resources available for transit.

Again, Mr. Chairman, thank you for conducting this hearing.

Chairman MENENDEZ. Thank you, Senator Akaka.

We will start with our first panel. We are going to have two panels. Our first is our distinguished Administrator of the Federal Transit Administration, Peter Rogoff. This is his first appearance before the Subcommittee, and I have to say it has been a pleasure to work with an Administrator who understands the Senate as well as the national transportation issues so well, so we look forward to a long-term relationship and particularly your thoughts today on the critical issue of what is at the heart of transit's ability to operate in the 21st century.

So with that, Mr. Administrator, the floor is yours.

**STATEMENT OF PETER M. ROGOFF, ADMINISTRATOR,
FEDERAL TRANSIT ADMINISTRATION, DEPARTMENT OF
TRANSPORTATION**

Mr. ROGOFF. Thank you, Mr. Chairman and Senator Akaka. Let me say, it is quite warm to return to the Senate and be among old friends again and we are very pleased to have the opportunity to discuss the state of good repair of our Nation's public transportation systems today.

In the interest of both the safety and the reliability of our public transportation systems, it is imperative that we aggressively address and stay on top of their aging condition. Deferred maintenance items, if deferred long enough or left undetected, can and do become critical safety risks. As such, the issue of the condition of our transit infrastructure and the safety of our transit systems are inextricably linked.

The FTA's role in the safety oversight of these systems is extremely limited as a matter of Federal law. We are statutorily prohibited from establishing national safety standards for a large seg-

ment of the Nation's rail transit systems or any of the Nation's bus transit systems. The new Administration finds this *status quo* to be unacceptable and we expect to propose reforms.

Secretary LaHood has established a multimodal committee to identify alternative approaches to address what we consider a gap in transit safety oversight. We look forward to proposing reforms to Congress soon. But even with our limited safety authority, please know that the FTA continues to regularly assess the condition of transit infrastructure and disseminate and encourage best practices by the industry.

As we address this issue of the state of good repair and the related issue of safety, it is essential that we regularly remind ourselves that rail transit remains an extraordinarily safe way to travel, far safer than traveling on our highways. Two of the transit agencies you will hear from on the next panel, CTA and WMATA, have endured 14 and 13 onboard fatalities, respectively, in the last 33 years. While each of those fatalities represents a tragedy, the fact is that highway accidents in the metropolitan areas of Washington and Chicago claim at least that many lives every month.

Despite the overall safe record of the industry, the NTSB has been called in to investigate several transit-related accidents in the recent past. The NTSB investigated a Chicago Transit Authority derailment on the Blue Line back in July of 2006. That accident resulted from the failure of a track structure and resulted in 152 fatalities—excuse me, 152 injuries. This lag screw served as one of thousands holding CTA rails to ties in the area of the Blue Line derailment. As you can see, it is corroded and deformed. At the time of the accident, you could pull screws like this right out of the rail with your bare hand. This equipment dated back to the original installation of the Blue Line in 1951 and was never replaced until after the accident.

Importantly, the NTSB report on this accident stated that the derailment should serve, quote, “as a wake-up call to all transit agencies with equipment and infrastructure that ages with each passing day.” The NTSB finding speaks to the very core of our challenge. The infrastructure is aging with each passing day. But in fostering safety and maintaining a state of good repair, we can't limit our focus just to the age of transit systems or to the age of any single piece of equipment.

As heavy rail agencies go, the Washington Metro System is a very young agency. Many of our new rail systems are using newer technologies for which we do not yet have a lot of experience in the field. This is especially true in some of the newer light-rail deployments. Indeed, Washington Metro some years ago was required to pull out and replace track signaling equipment well before the end of its expected service life.

So for some systems, the biggest risk factor may be a 56-year old lag screw like this one. But for other systems, the biggest safety risk could be in the programming of a circuit board that may only be 1 or 2 years old.

For these reasons, to ensure safety and a state of good repair, we must take a comprehensive safety management approach that identifies, analyzes, and controls all potential risks. We must have systems which demand continuous improvement, where all employ-

ees from the CEO to the wayside worker are held accountable for safety.

There is also a vital human factor to safety that cannot be ignored. If important maintenance and renewal are deferred, it sends a very negative message to employees who must work in those deteriorating conditions. Employees that report critical maintenance needs and see little or no response by management may start to wonder whether they should continue to report those problems.

Importantly, our transit systems are busier than they ever have been before. We registered a record 10.3 billion transit trips in the United States last year. Our transit agencies are working their equipment long and hard to keep up with demand, and that pace of activity takes a toll both on people and equipment.

All of these factors point to the need for each and every transit agency to have a systemic safety and asset management program in place. They also point up the need for adequate and reliable funding from all levels of government.

Marginal or poor transit infrastructure conditions persist despite FTA's increasing financial support through the Fixed Guideway or "Rail Mod" Program, as it is known, as well as increasing support through the Urbanized Area Formula Grant Program.

At the local level, we find that the systems that are adequately financed are those with a dedicated local funding source that provides a predictable revenue stream, a revenue stream that allows for long-term capital investment commitments. So, for example, New Jersey Transit has benefited from substantial investment from New Jersey's own Transportation Trust Fund. Other agencies are authorized to draw a designated amount from a sales tax or a property tax or other taxes. Other agencies, like WMATA, have no dedicated funding source.

The solution to better and sustained transit infrastructure investment is not going to be found solely at the Federal, State, or local level. The key will be to make it a priority at all levels and to insist that industry make their investments in a way that addresses their most critical safety vulnerabilities first.

To foster this concept, FTA has made state of good repair an agency priority. As you pointed out, Mr. Chairman, in April 2009, we published a State of Good Repair Study. That study was reported by Senator Durbin and other Members of this Committee, including yourself and the then junior Senator of Illinois, Senator Obama. That study assessed the level of capital investment required to attain and maintain a state of good repair for the Nation's seven largest rail systems, and as you pointed out, those rail systems carry 80 percent of the Nation's rail transit ridership and revealed an unmet recapitalization need of some \$50 billion.

In order to assist agencies in correcting this backlog, FTA is developing a Transit Asset Management Training Course and conducting a review of U.S. and international agency asset management practices. At Secretary LaHood's direction, we are also expanding on this study. We are going to take in a broader universe of transit agencies. We are going to look not just at the same definition of state of good repair, but we are also going to try to solve what is one of the more vexing problems, and that is to identify that portion of deferred maintenance that is truly safety critical.

We will be working with industry on trying to better define what safety critical infrastructure composes.

With that, I want to thank you for the opportunity to testify and I am happy to take any questions you may have.

Chairman MENENDEZ. Thank you, Mr. Administrator.

Let me ask you, you spoke in your testimony about how commuter rail systems are regulated by the Federal Railroad Administration while other systems, like light rail systems, are overseen by State safety oversight agencies. Should the safety of all rail be under the Federal Railroad Administration? Should we enhance FTA powers? Should we keep the structure the same? What are your views on it?

Mr. ROGOFF. Mr. Chairman, Secretary LaHood has formed this committee to get to the heart of just that, and what I tell you at this point, the Secretary not having signed off on any recommendations—we just gave him an update of our work the other day—what is more important than whether the FTA does it or whether the FRA does it is that someone does it who has the teeth and the authority and the funding and the personnel to really compel the attention of the transit agencies, and that really is the concern that we have with the current system with SSOs.

We have got, I think, a total of 28 of them. The average FTE strength, the average personnel strength of these agencies is 1.1 FTE per agency, per year. These are largely—

Chairman MENENDEZ. FTE meaning full-time employee?

Mr. ROGOFF. Yes. Basically, slightly more than one person. Now, if you take California out of the mix, which has a 12-person agency, you actually have less than one person, on average, for the remaining agencies, and what that tells us is this is really being treated as a collateral duty within State Departments of Transportation, where many of the State departments have stood up the bare minimum in order to comply with the Federal regulation that an SSO exist.

When I testified on this issue in the House, I testified next to a representative of the SSOs and they, too, were testifying on behalf of additional authority so they could have—I think the only other way to describe it is some teeth in order to compel the attention of the agencies they oversee.

We also have a concern about the independence of some of these organizations. Some of them rely for their funding on the very transit systems that they regulate. This is not a situation that we allow really in any other area of transportation safety enforcement at the Federal level.

Chairman MENENDEZ. When do you expect the Secretary to issue a report?

Mr. ROGOFF. We are going to be working through August on this. We hope to get it out as early in the fall as possible. We have had several meetings already and we will be having an updated meeting with stakeholders and others shortly.

Chairman MENENDEZ. We will look forward to hearing from you as soon as possible.

I have got a poster here that one *Washington Post* cartoonist thinks it might be a good idea to create a, instead of a “cash for clunkers,” a “cash for rail cars.” I don’t know if that is a good idea

or not, but I do wonder, even in the Recovery Act where we put \$750 million, which was a nice movement forward in rail modernization, but it really, when you are looking at \$50 billion, doesn't make much of a dent.

How do you—what is your view as to how we meet some of these very significant needs? I mean, we are talking about we want to move people increasingly to transit. We learned with the spike in gas prices the consequences of not doing so, and Americans increasingly move at some of the greatest ridership levels that we have seen in quite some time, and they have stayed there because most of these systems are efficient, they are effective, and increasingly, we want to make them safer, and safety is an incredible part of what we need to promote at the end of the day.

But as we drive people to these systems that we want them to participate in, to get off the roads, to have a high-speed, nonpolluting system that ultimately gets them to their opportunities for work or entertainment or even go to a doctor's visit, whatever, at the end of the day, we can't guarantee that we will have the type of systems that we want to attract that ridership and to do all of the positive things that flow from that if we are looking at \$50 billion in costs that your agency has documented.

So what is your sense of this? Should we have a large temporary program to deal with the backlog? Should we increase funding for existing programs? And finally, as part of that answer, if you can talk to me about—I have heard two basic arguments about how to reform rail modernization funding. Some argue that the only sensible way to divide the funding is by need. Others argue that that gives a perverse incentive for local agencies and instead agencies should be rewarded for performing well on maintenance. Are either of those strategies workable or should we be funding based on objective criteria like the age and size of the system?

So how do we meet the challenge that we have of \$50 billion of your agency's own determination of work to be done, how do we go about that, and then what is the policy decisions to be made about, as we meet the financial challenge, how does that get disbursed?

Mr. ROGOFF. Well, Mr. Chairman, I think you spoke to one of the solutions in your opening statement. Are more resources needed from all levels of government? I think so. We also need to get agencies to do a much better job of targeting those investments on their most vulnerable assets, and there are two elements to that.

I talked in my opening statement about safety critical assets, but I think it is important to point out that certain assets that we don't view as safety critical actually have a very real impact on transit ridership and the reliability of transit service.

So, for example, crowded platforms, disabled air conditioners, escalators that are inoperable, those might not be viewed as safety critical, but they can move people out of the transit service and back onto the highways. And actually, when you move people from transit back to highways, you have degraded safety because you are about, based on the recent numbers, about 45 times more likely to die from an accident on a per passenger mile basis on the highways than in transit. So I think it becomes a safety critical issue.

Now, on the overall issue of what kind of program should be stood up, I would make the following observations. First, I think

you want to do a link with additional funding to better asset management. That is not to say that the best definition is going to come from within the beltway of Washington, DC. This is something that we have been working with our grantees on for some time and plan to continue to work on them, both through roundtables and a dialogue.

There is a very diverse universe of practices out there among the transit agencies on how best to attack their deferred—not only to identify what their most critical deferred maintenance is, but also to address it.

I think as it relates to the formula, I would just make this observation. It is always delicate when an Administration official tries to opine on a formula, but I would say that the current formula is clearly a bit of a hodgepodge. It is hard to divine precisely what the strategic goal of it is because you have seven different tiers of funding, seven different distributions when different agencies come into eligibility at different levels of funding.

I think you do sort of want to define what the goal is and then build a formula around it, and I think importantly, as part of that goal, you talked about perverse incentives. You do want to do something about a mandated level of effort on the part of the State and local government because we clearly have examples of certain agencies who fell into more dramatic disrepair due to the absence of attention on the part of State and local government. If you merely take a snapshot of who is in the worst shape now, you do run the risk of not appropriately rewarding State and local governments who did the right thing.

Chairman MENENDEZ. Thank you very much.

Senator Akaka.

Senator AKAKA. Thank you very much, Mr. Chairman.

Again, welcome, Administrator Rogoff. I know you are quite familiar with the Honolulu Rapid Transit Project—

Mr. ROGOFF. Yes, sir.

Senator AKAKA. —and let me say that the project, as you know, completed its FTA compliant alternative analysis study more than 2½ years ago. It has been awaiting approval from FTA to enter preliminary engineering since then. And in the meantime, the City and County of Honolulu has been collecting dedicated local tax revenues amounting to more than \$300 million to fund its overmatch share of the project.

Before your arrival there, Honolulu's somewhat protracted process of getting to PE seems to be similar to challenges that other cities have faced. Recognizing that the Administration will have recommendations for statutory changes as a part of reauthorization, and this is my question, are there other actions, other actions that you can take in the short term that do not require legislation that could help expedite the FTA project approval process?

Mr. ROGOFF. Yes, sir, there are, and we have just begun to take some and we look forward to taking more. There really are three universes of—three discrete universes of changes. One is just a change to agency guidance. We just published in the Federal Reserve last week a series of changes that are oriented toward eliminating paperwork burdens that, frankly, haven't been necessarily impactful to the process and we hope to do more.

Regulatory changes are something that we are working up currently, but will take more time. But some of these involve eliminating steps in the process that are either duplicative or not necessary and don't necessarily influence the final outcome—the final decision by the agency on whether to participate or not.

So, for example, and I am not saying that we have endorsed or not any of these proposals, but among the things being talked about is there is, you pointed out, the alternatives analysis that Honolulu went through. There is an alternative analysis process for the Federal Transit Administration and there is a whole separate alternatives analysis process for compliance with NEPA and we are thinking long and hard about why we really need to have both and whether we could eliminate a step right there.

We are also looking at areas where, especially for more experienced transit agencies that might not need as much technical assistance from the agency in the early stages, perhaps they come in for a funding determination by presenting a whole package later in the process rather than having to go through the AA, PE, final design, grant approval process.

So these are all things that we are looking at. This is another area where we hope to come forward with something in the near term. There are many other elements of the Administration that are going to have to opine on our ideas as we bring them forward and obviously the overall level of resources for the program will matter to how many projects we can bring into the system.

Senator AKAKA. Thank you for that.

With respect to the Administration's proposed 18-month extension of existing highway and transit programs, can you explain how that 18-month extension might impact projects seeking the execution of the full funding grant agreement during the 18-month extension period? Also, will the FTA have sufficient funding authority during that 18-month period to enter into full funding grant agreements with those projects that will be ready to begin construction during that period?

Mr. ROGOFF. Well, the issue of what we commonly refer to as contingent commitment authority will depend on the duration of the reauthorization. At present, the amount of contingent commitment authority we get is dictated by a 3-year snapshot of resources from the program. I understand that there is legislation being considered in the Senate that might expand that to 5 years. But importantly, the wider the snapshot, the more resources we have.

One of the reasons why we did put forward an 18-month reauthorization package was to try to provide some stability to the program, not just for transit new starts, but for transit formula funding so that transit agencies know what they should be expected to receive, and for that matter, on the highway side, what our highway agencies should know what they should receive. So we will obviously use the authority we have.

The short answer to your question is, no, there would be some that would be potentially ready to go to construction that if we received no additional contingent commitment authority could be slowed down.

Senator AKAKA. Thank you. Thank you very much. My time has expired, Mr. Chairman.

Chairman MENENDEZ. Thank you, Senator Akaka.

Let me ask you one last question, and then we will let you go. Is there a well-accepted definition of what is a “good state of repair”? Are the FTA and the transit agencies on the same page on this point?

Mr. ROGOFF. I do think it is a matter of the FTA being on a different page than the transit agencies. I think there are probably somewhere between 8 to 12 different pages out there. But even the major transit agencies do not necessarily seek to capture the same definition. Some focus just on the age of assets. Some focus on the age and recapitalization of those assets. Some have a more robust effort to try and capture what their backlog is. Some seek to try and get to a state where they show no backlog. Some recognize that they will always have a backlog and it should be at a certain time period, a certain number of years that they can ensure it.

So we have been working with our transit agency partners to try and coalesce around a single definition. Sometimes those definitions are driven a little bit about the resource envelope that the agency has to work with. So I think there is room for improvement and plenty of opportunity for more dialogue to try to coalesce around a single definition, especially when you start thinking about basing either Federal formulas or Federal mandates around it.

Chairman MENENDEZ. Well, maybe we can find a way to incentivize that.

Mr. ROGOFF. Yes, well, like I said, we have had continual meetings. We just had a state-of-good-repair roundtable with a bunch of agencies that was hosted by Mr. Catoe at WMATA and the FTA just a few weeks ago, and that was not a single event. We are going to continue to have that dialogue going forward.

Chairman MENENDEZ. Well, thank you very much. Seeing no other Members before the Committee, Mr. Administrator, I look forward to hearing from you again.

Mr. ROGOFF. Thank you.

Chairman MENENDEZ. Thank you very much for your service.

With that, let me call up the second panel. It is a very outstanding group of some of the Nation’s leading local transit agencies, and as I call you up, if you would start coming up, please, I would appreciate it:

Carole Brown, who is the Chairwoman of the Chicago Transit Authority. Ms. Brown represents one of the oldest and most active agencies in the country. Her private sector experience has proved helpful as the Chicago Transit Authority meets its escalating challenges, and we look forward to learning about CTA’s unique needs and how it is utilizing existing funding.

John Catoe, who is the General Manager of the Washington Metropolitan Area Transit Authority, a system that uniquely serves the Federal Government and has recently suffered some tragedy. The Subcommittee appreciates you taking time to appear before us during these challenging times at WMATA, and we are looking forward to your testimony, as well as please accept the Subcommittee’s condolences for the tragedy that happened in June and our willingness to work constructively with you to help moving forward.

Richard Sarles, the Executive Director of New Jersey Transit, has a compelling story to tell about its success and the state-of-good-repair efforts, and I think my home State system has lessons to share, and we look forward to hearing those.

And Dr. Beverly Scott, who is the General Manager and Chief Executive Officer of the Metropolitan Atlanta Rapid Transit Authority, MARTA, and Chair of the American Public Transportation Association. You have two hats here, Dr. Scott. So she will bring in the perspective of an agency that was not in the April 2009 FTA Rail Modernization Study but has substantial needs, and we readily recognize that the national rail modernization needs exceed those that are stated in the study. And she will also be able to give us some thoughts as the Chair of the American Public Transportation Association.

I wanted to get you all up. We are going to shortly be having votes, so we will move along as far as we can and recess when we are compelled to go the floor and have three votes, which will mean that when we recess, we are going to be about a half-hour in recess as we do those three votes. But I would ask you to try to limit your testimony to 5 minutes so we can get to questions. Your full statements will be included in the record, and with that, Ms. Brown, why don't we start with you? If you would just put that microphone on.

**STATEMENT OF CAROLE L. BROWN, CHAIRMAN, CHICAGO
TRANSIT AUTHORITY**

Ms. BROWN. Thank you, Chairman Menendez and thank you for the opportunity to testify today and talk about the needs of Chicago's transit system.

As you stated, my name is Carole Brown, and I am the Chairman of the Board of the Chicago Transit Authority. We are the second largest transit agency in the country. We carry nearly 1.7 million rides a day on 242 miles of track and 154 bus routes throughout Chicago and Cook County, and we are the primary transit agency in northeastern Illinois. We carry 80 percent of the transit riders in the region, and we operate the "L," which is the elevated train system that has become an iconic symbol of Chicago.

Sadly, that iconic symbol is aging and in poor health, as is our bus fleet and our subway system. Our oldest elevated rail, the North Mainline, was built between 1899 and 1900; our oldest subway, the State Street Red Line, was built during World War II; and our oldest rail car still in operation dates to 1969. It has 1.7 million miles on it; and our oldest bus garage was built in 1907.

We have a \$6.8 billion, 5-year unfunded state-of-good-repair need. This is in addition to our current fully funded 5-year, \$3 billion capital plan, and it does not include expansion projects that total over \$4 billion. The \$6.8 billion is the shortfall needed in order to bring our system to a state of good repair.

Our largest maintenance need is about \$4 billion, and it is in the category of "Rail Mod," which has been discussed today. That includes rail stations, basic rail structures, track work, power substations, contact rails, and cables.

We need \$1.2 billion to repair and replace our rail fleet that travels 225,000 miles per day. We use 1,200 rail cars to operate our

system; 28 percent of our fleet is over 32 years old. The FTA standard for useful life is 25 years. Our rail fleet's average age is 24 years. So we need to replace that system, and with \$1.2 billion, we could replace two-thirds of our aging fleet.

So we are very thankful for Federal rail modernization and other formula funds that we receive. We have borrowed against those funds in the past 2 years to reduce our 15-minute-per-mile slow zones on our Blue Line to just 7 percent. We completed this repair work in 2008, just as ridership on our system had increased by 5 percent, due in part to a sudden spike in gas prices. At the same time, as was seen through the rest of the country, vehicle miles traveled on the region's roads have declined. The good news is that even after gas prices were cut in half this fall, those people who had switched from driving to transit on our system continued to ride the trains and buses rather than return to driving. Had we not fixed the slow zones when we did, those people new to transit would have become frustrated with slow, inefficient, and unreliable service and quickly returned to commuting in their cars.

The whole point of my being here is to stress the importance of maintaining our Nation's transit systems. Like my counterparts, I believe that a healthy transit system helps to alleviate congestion on the Nation's roads, and a sustained investment in transit is critical to our Nation's well-being.

That is why I am so pleased that 12 members of the Senate, including you, Chairman Menendez, and Senators Bayh, Dodd, and Schumer, asked for the FTA report on the Nation's rail modernization needs.

The CTA share of the state-of-good-repair need highlighted in this report is over \$4 billion, which in real terms means that the CTA rail track and rail cars have grown past their useful life, thereby leading to an increase in rail slow zones to ensure safety on the rail system.

So we are in dire need of modernization. Your leadership in addressing this issue for Chicago and many of the other older-rail cities would go a long way to fix this problem. The FTA report provides a blueprint for modernizing the Nation's fixed guideway systems by simplifying the Fixed Guideway Modernization Program so that funds are allocated based on age, type of rail system, and maintenance needs of a transit system.

Realignment of the program will likely lead to an increase in funds for true fixed guideway agencies such as CTA, like New Jersey Transit, like WMATA, and like MTA. So I thank you for your leadership on this issue, and I ask the Members of your Committee to consider the FTA recommendations as you deliberate the transportation authorization bill in the coming months.

With that, I thank you again for the opportunity to testify, and I would like to answer any questions that you might have.

Chairman MENENDEZ. Thank you very much.

Mr. Catoe.

**STATEMENT OF JOHN B. CATOE, JR., GENERAL MANAGER,
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

Mr. CATOE. Thank you, Mr. Chairman, and thank you for the opportunity to testify before you today. Also, I would like to thank

you for your leadership on transit issues, especially in regards to legislation dealing with the leaseback arrangements and climate change.

Sometimes we are called “America’s transit system” or “America’s subway.” Metro is the largest public transit provider in the National Capital Region, and nationally we are the second largest subway system and the sixth largest bus system in the United States. We serve 1.3 million customers per day, and we provide trips to hundreds of millions of riders each year, those who reside within the Washington Metropolitan Area as well as visitors from all over the United States and from across the world.

But Metro is now beginning to feel its age. To use a comparison that any house owner would understand or relate to, our crowded house is now 33 years old, and our needs go far beyond a spring cleaning and a fresh coat of paint. We have a wet basement, rusty pipes, cracked tiles, old electrical wiring, and the equivalent of a 1976 model car in a 100-year-old garage. In fact, our capital needs over the next 10 years total more than \$11.4 billion.

These needs include replacing our oldest rail cars, including those that were involved in the tragic accident on June 22nd. We need monies to replace the leaking tunnels and crumbling platforms, upgrading our tracks and associated infrastructure, to fix escalators and elevators, and to replace about 100 buses each year. Replacing very old bus facilities is also a need, especially one that is over 100 years old. And we need to update critical software. We also need power and control system upgrades and additional rail cars to run longer trains and to reduce overcrowding.

As you stated in your comments, Mr. Chairman, Metro experienced a tragic accident on June 22nd, when two Red Line cars collided outside of our Fort Totten metrorail station. I and all Metro employees are terribly saddened by the loss of life and the injuries that occurred on that day. While the National Transportation Safety Board has not yet determined the root cause of this accident, it has refocused attention on the state of rail infrastructure around the country.

There is clearly ample demand from many transit systems for additional Federal support to sustain the safety and reliability of their systems. The work that we have done to keep transit systems in a state of good repair might not be exciting at times to hear about, but without it, service and safety will suffer. There will be more delays due to failing infrastructure, and that means lost time for our customers and lost productivity for our region and the Nation. The funding provided by the Federal Government is critical to our ability to keep our systems running safely and reliably. If we do not receive sufficient funding now, service as well as safety will decline.

I want to raise one additional issue before I conclude. As more people are riding public transit, Metro is already reaching capacity on many parts of our system. As I have stated on several occasions, what this region and what this Nation witnessed on Inauguration Day, January 20th, where 1.5 million people crowded into our system, will become a daily event in the very near future. We need to make investments to expand the capacity of the system to accommodate the ridership growth, such as purchasing additional

rail cars and making the upgrades in power and maintenance facilities to accommodate them.

As the Subcommittee considers ways to meet the infrastructure needs of transit systems, I encourage you to develop a source of funding at the Federal level for projects to expand capacity on existing systems so that we may meet future ridership demands.

In conclusion, I appreciate the Subcommittee's interest in the state of America's heavy rail infrastructure. We at Metro are committed to doing whatever it takes to ensure that our system is as safe as it can be and to provide the best possible service now and into the future.

Thank you.

Chairman MENENDEZ. Thank you very much.

Mr. Sarles.

**STATEMENT OF RICHARD R. SARLES, EXECUTIVE DIRECTOR,
NEW JERSEY TRANSIT**

Mr. SARLES. Chairman Menendez, New Jersey Transit is the Nation's largest statewide public transportation system providing nearly 900,000 weekday trips on 2,000 buses, three light rail lines, and 12 commuter rail lines. New Jersey Transit also operates hundreds of trains daily over the Amtrak-owned Northeast Corridor.

Mr. Chairman, I want to thank you for providing me the opportunity to testify today on the criticality of providing the necessary capital funding for mature public transportation agencies.

As you know, the Rail Modernization program was created by Congress to provide funding for established transit agencies for the purposes of improving existing systems, including purchase and rehabilitation of rolling stock, track, structures, signals and communications, passenger stations and terminals, maintenance facilities, and core capacity expansion.

In short, the Rail Modernization program was created to assist in bringing my agency's infrastructure and the infrastructure of all of the mature transit agencies across the country to a state of good repair.

When it comes to state of good repair, NJ Transit is a success story. We inherited infrastructure and equipment from predecessor bus companies and railroads, such as the Pennsylvania and Erie Lackawanna, dating back in many cases to the earlier part of the 20th century.

Unfortunately, public transportation under private ownership throughout much of the mid-20th century suffered from significant disinvestment and lack of maintenance.

From its inception in 1979, NJ Transit focused its efforts on restoring equipment, facilities, and infrastructure to a state of good repair. It has taken three decades to bring New Jersey Transit to a state of good repair, and we will need to continue to concentrate our efforts in this regard to maintain our infrastructure and equipment. In fiscal year 2009 alone, we spent two-thirds of our capital program on state of good repair and capital maintenance.

During the 1990s, New Jersey Transit also expended significant resources on the connectivity of the system which necessitated capacity expansion projects, including the Midtown Direct service from Montclair and the construction of the Frank R. Lautenberg

transfer station in Secaucus. New Jersey Transit also embarked on the construction of two light rail systems in the 1990s: the Hudson-Bergen Light Rail and the Riverline.

As those projects were being completed, we again reemphasized that our top investment priorities were safety, state of good repair, and core system capacity. That effort has produced very tangible results.

New Jersey Transit is in the midst of the largest rolling stock upgrade program in our history, involving the purchase or rehabilitation of over 4,100 pieces of equipment.

We have invested over \$100 million in four critical movable bridges. We have replaced viaducts, opened new rail yards, replaced wooden ties with concrete ties, and completed a \$90 million automatic train control system upgrade.

All of these efforts led the FTA to declare in May of this year that New Jersey Transit's capital program supports a state of good repair for the system. However, continuing this success will require renewal and enhancement of Federal funding. It also requires adequate funding to support routine maintenance to prevent premature degradation of equipment and infrastructure.

How did we get to this point?

It started with the bipartisan support for the formation of New Jersey Transit 30 years ago. Most recently, our focus on state of good repair was reinvigorated by Governor Corzine directing through the last reauthorization of our State Transportation Trust Fund that New Jersey Transit produce an annual submission of our capital investment strategy to the New Jersey State Legislature. That strategy promotes safety and state of good repair as our top priority, followed by core capacity improvements and, last, expansion of the reach of our system.

New Jersey has consistently provided significant funding from its Transportation Trust Fund to New Jersey Transit for capital expenditures. In fact, as you noted earlier, Governor Corzine has allocated more than 40 percent of New Jersey's transportation capital funds to New Jersey Transit, and these funds are matched one for one by Rail Modernization funds and Urbanized Area funds from the Federal Government. Since 2002, New Jersey Transit's capital program has exceeded \$1 billion.

So where do we stand and what can Congress do to continue and bolster our efforts to maintain state of good repair?

First and foremost, I urge this Committee and Congress to increase funding for public transportation—through both the Rail Modernization formula and the Urbanized Area formula. Costs continue to increase as aging systems expand to meet demand.

I will caution that there are some things Congress should carefully consider.

First, any kind of formula program that distributes money in such a way as to proportionately decrease funding to transit agencies that are in a state of good repair is problematic. I suggest any funding program specifically targeted to state of good repair should be incentive based.

Another situation Congress should carefully consider is implementing any asset management system that prescribes which projects should advance ahead of others. It would not be prudent

for a Federal agency to determine which bridge should be fixed first or which station should be replaced. Those decisions should be made by those closest to the infrastructure and equipment.

We have made significant advances in state of good repair in New Jersey by making it our top priority and pushing the decisions on how to spend the state-of-good-repair money down to the engineers and maintenance staff who evaluate the infrastructure and equipment. I have concerns related to proposals that suggest all of the information about the infrastructure conditions of transit agencies should be collected on the Federal level, put into a data base, where an algorithm would produce a list of what should be fixed.

I want to reiterate that state of good repair has been New Jersey Transit's top priority from its inception, and I appreciate this Committee allocating valuable time and resources to considering strategies for maintaining the state of good repair of the Nation's transit agencies.

Thank you again.

Chairman MENENDEZ. Thank you.

Dr. Scott.

STATEMENT OF BEVERLY A. SCOTT, Ph.D., GENERAL MANAGER AND CHIEF EXECUTIVE OFFICER, METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

Ms. SCOTT. Chairman Menendez, thank you for the opportunity to present testimony regarding state of good repair and rail transit modernization needs, and as we begin, I want to also thank you for your extraordinary leadership on the SILO/LILO issue which continues to haunt a number of transit systems, such as my own at MARTA.

Just a few facts and perspectives about MARTA, our industry, transit rail modernization needs, and, candidly, the big ugly in the room—state of good repair.

MARTA is the 9th largest transit system in the United States and one of a few Tier 1 transit systems designated by the Department of Homeland Security. We were created in the early 1970s, are funded locally by a 1-percent sales tax levied in Fulton, DeKalb Counties, and the city of Atlanta. Today, that 1-percent sales tax generates over \$300 million, down significantly over the last 18-month period of time, and annually we invest over 50 percent of that local sales tax that is generated into capital.

Every day we carry more than a half million passenger trips on MARTA or, as I like to say, we in effect carry more people in our region on 1 day than reside in the city of Atlanta.

The public investment in MARTA has been over \$6.4 billion, including much welcomed significant Federal participation. This year, we are celebrating 30 years of transit rail service in the Atlanta region. Our rail system includes 48 miles of double track, 38 stations, 338 rail cars, 104 miles of main line track, three rail yards, 20 miles of yard track, 146 escalators, 109 elevators, thousands of cameras, call boxes, vital relay switches, just to give you a general sense of the magnitude of our operation.

Today the best available but, admittedly, incomplete information that we have projects a state-of-good-repair capital budget requirement of approximately \$5.2 billion over the next 20 years to pre-

serve our existing system, and to date MARTA's share of Federal rail modernization funding is, on an annual basis, \$37 million.

In a nutshell, MARTA is representative of an important and growing segment of transit systems in our country. All like MARTA—WMATA, BART, Portland, Sacramento, Miami, San Diego, Santa Clara, just to name a few—are aging, first and just beginning second generation New Starts transit systems. In a manner of speaking, we are like the baby boomers of the transit industry: 20 to 35 years old, no more new kid on the block, but all too often just like that kid. It seems like we all just looked up one day and all of a sudden we were middle-aged, largely operating in very high-growth areas of the country like the Atlanta region, with continuing demands for rapid service expansion.

While we do not expect the same explosive growth that we experienced in the 1980s and 1990s, another 3 million people are projected to come into the Atlanta region by 2050.

You find staggering concentrations of both physical infrastructure rehabilitation and replacement needs, coupled with the devastating turnover of experienced personnel at all levels, resulting from retirements that are also understandably but very unfortunately clustered. And, finally, a monumental and oftentimes not fully appreciated organizational shift from being a building organization to an operating organization. And having been in this industry for 30 years, I can tell you that this requires a very different skills set, competencies, and organizational focus.

In closing, I want to stress the point that the challenges confronting us in addressing the issue of state of good repair are industry-wide. Virtually every community and transit operator is grappling with this issue, regardless of size or geography.

I applaud FTA's recent very serious focus in this area and strongly support the expansion of their April 2009 state-of-good-repair report to conduct an industry-wide assessment of state of good repair beyond the seven largest systems included in this report.

It is my firm belief that significantly expanded Federal transportation investment, coupled with real programmatic restructuring, a level playing field, outcomes-based, with meaningful performance metrics, strong Federal oversight, in-depth technical assistance as we kick this off; and serious incentives for local self-help and investment are key elements of the prescription needed to help us move forward.

I also believe that ultimately there must be consequences for those systems and communities that are not prudent stewards of our Federal investment.

Unfortunately, but honestly, our industry is so behind in the area of state of good repair, and best in class asset management—in large measure attributable to decades of significant underinvestment—that many transit system managers candidly do not really know what they do not know or, more importantly, should know about the state of good repair of their systems.

While it certainly is not right, human nature being what it is, all too often a malaise sets in over time when you continuously defer projects and do not have the funding needed to address obvious repair, rehabilitation, and replacement needs. Before you know it, first, it simply and insidiously becomes OK to be OK. Then after

another 7, 10, 20 years of deferral, it becomes OK to simply get it out the door without an obvious safety defect or problem.

For an industry that is clearly dependent on big things that move, all moving safely and efficiently in precision, it is a sure glidepath to mediocrity when our core service and system expectations and standards slip. In my humble opinion, this is the real challenge that faces our industry and the communities we serve in our Nation if we continue to neglect the very real and systemic issue of state of good repair.

At the end of the day, what is the overall transit vision and expectation—a national rail transit system of first choice or one of last resort?

Chairman and Subcommittee Members, once again thank you for the opportunity to share my thoughts and perspectives.

Chairman MENENDEZ. Well, thank you all very much, and thank you for those very honest reflections there at the end.

We will start a round of questioning. The distinguished Ranking Member of the full Committee has joined us, Senator Shelby. We appreciate him being with us.

And I appreciate, Mr. Catoe and Dr. Scott, your talk—your mentioning our testimony about the SILO/LILO legislation. I know how important it is. I just hope our colleagues from Virginia, Maryland, and Georgia would join us in the process of cosponsoring the legislation. It will help us move it along. I do know how consequential, if we don't get some relief there, we are going to have for transit agencies across the country.

Mr. Catoe, I want to ask you—I know the investigation is still going on, so I don't expect you to comment about what those results will be. We don't know. We will wait for the results. But have you as an agency from that experience learned anything in the context of what we are talking about here that is of value to the Committee and would be of value to other agencies?

Mr. CATOE. First, let me tell you some of the steps that we have put in place. The Metro System, as I mentioned before, is over 30 years old—and prior to the accident, we were running various tests on our systems once a month. Since the accident, we have run tests twice a day, and based upon the recommendations from the National Transportation Safety Board, we are in the process of developing a real-time detection system, and that will take time to develop but that is underway.

The other aspects of looking at the system and what we have learned, something that we knew and we have planned for is the need to replace cars once they exceed a certain life expectancy. The issue that the NTSB did discuss with us, which did not cause the accident but has an impact on the amount of damage that can be done, is the crash-worthiness of old transit vehicles. And so that is an issue that we all have talked about here today.

In addition to those actions, based upon the direction of the investigation, another action is to clearly look at your signaling system and the computer back-ups for that to make sure that the systems that you are using are up to date and you are using the best possible technology. That requires an enormous amount of investment in capital dollars.

Chairman MENENDEZ. Thank you.

Chairwoman Brown, let me ask you, your testimony highlights that even a successful agency, that without adequate funding, performance can suffer.

Ms. BROWN. Yes.

Chairman MENENDEZ. And I think that the Chicago Transit Authority has effectively used some of the Recovery Act funding to deal with some of their challenges, if I am not mistaken. But if you don't get a significant increase in rail modernization funding over the next 6 years, what does your system look like then?

Ms. BROWN. CTA has a \$6.8 billion unfunded capital need. Without a significant investment in our capital to keep it safe, I think you would see a smaller CTA. With recent increases in ridership, I think that would be unfortunate. So where we cannot guarantee our riders' safety, we would not operate that part of the system, whether that is on bus or on rail. Consequently, our system looks smaller and does not carry the number of riders that it currently does today.

Chairman MENENDEZ. So you would probably have to reduce service.

Ms. BROWN. We would reduce service. The same investment needs and safety standards apply to both bus and heavy rail. Therefore, we would reduce the number of routes we carry in the city and the 40 suburbs that we serve by reducing the number and the frequency of buses. If our rail fleet continues to age and we can't replace the rail cars, we would have to increase the headways because we would be operating with fewer rail cars.

Chairman MENENDEZ. Mr. Sarles, in a lot of good testimony you have a caveat, and I wanted to dwell on the caveat for a moment. You allude to the fact that you are worried about too much Federal oversight of how agencies keep themselves in a state of good repair. So my question to you is, do you oppose any requirement to report state of repair information, or where is the balance? I know you all want money from the Federal Government, and appropriately so, but it seems to me that we also have responsibilities here for safety. And so what is the right balance?

Mr. SARLES. We are very happy to provide all the information we have on the condition of our system. What concerns me is when I hear discussions of decision algorithms, which means that you take all that information and an algorithm developed by somebody else sort of spits out what are the most important priorities. That type of decision making needs to be made by the Transit Authority, in our case, at least, by the engineers and the maintenance and operating people who know the system best and can decide where we go first in terms of our spending our money. But in terms of providing information, we are very happy to provide it.

Chairman MENENDEZ. Well, I am not a big algorithms guy. We do that in homeland security, too, as we deal with the Nation's cargo that comes into our ports and we depend on algorithms to hopefully get it right. I am not sure that that is the best way to do it. But there is a balance. In my personal view, there is a need for the FTA to have a sense of what it is that a state of good repair is and what that information is to make informed policy decisions and allocations, as well. So to some extent that we can get together

and work with the Administrator to get to what our definition is, I think it is very important.

Mr. SARLES. And we will work with them on that.

Chairman MENENDEZ. Yes. Senator Shelby.

Senator SHELBY. Thank you, Mr. Chairman. Mr. Chairman, I was not here when Administrator Peter Rogoff was here, but I have a number of questions that I would like to submit to him for the record.

Chairman MENENDEZ. Without objection.

Senator SHELBY. Thank you.

To all of you panelists, have we added to the overall problem perhaps by allowing systems to continue to expand and grow without regard to their ability to maintain what they have? In other words, I know it is a mixed bag here. If you don't grow, you can't finish a system. I know that. But at the same time, maintenance and safety is so important a cog in the wheel, is it not? Ms. Brown.

Ms. BROWN. Well, I would like to note that even the aging systems continue to grow because of the demand for service and the increased ridership.

Senator SHELBY. Sure.

Ms. BROWN. I think that the more people we can move to public transportation, the better. And so I think that the growth is good. I think that we need continued investment in the system, as well.

I always state that there is not a public transportation system in the world that is not subsidized by its government. I think the investment needs to be increased so that we can encourage people out of their cars for a cleaner, safer environment and onto public transportation. I think this applies to old rail systems but also to systems like MARTA that are middle-aged. CTA is a senior citizen on its last breath and in need of help, but it is also important for middle-aged systems.

Senator SHELBY. But whatever systems we operate—and Mr. Catoe understands that well, we all do—they have got to be operated safely, have they not, because they are moving people at as much speed as we can put together.

Mr. CATOE. Yes.

Senator SHELBY. Go ahead, Mr. Catoe.

Mr. CATOE. Absolutely, Senator, and if I could respond a little bit on your first question, in my testimony, I did talk about the balance, that sometimes it is not as pretty to come to a repair of a rail line, but it is absolutely critical that that occurs. So there needs to be a balance of the state of good repair and maintenance of an existing system, but we have observed around the country, and specifically here in Washington, DC, our system assumed that it would carry 300,000 to 400,000 people. It now carries in excess of 800,000 people on a daily basis, and on some occasions, like the Inauguration, 1.5 million.

So there has to be this balance of safety of the system and the state of good repair and also the monies, when necessary, to expand capacity, and that is what I support and that is part of the position that this group is taking in this testimony. All of that, too, relates to safety. The state of good repair means that you have a safe system.

Senator SHELBY. Any of the other panelists, do you want to comment?

Ms. SCOTT. I would just echo the comments. I think it is really an issue of balance. There is no question about the importance of state of good repair—and the needs for balance and additional funding. We have got another—I am just preaching to the choir—another 150 million people that are going to be in the U.S. over the next 40 years and so we have got to wind up doing expansion. But at the same time, we cannot let that go at the risk of not running safe systems.

So I think that the challenge that really faces us is that we have got to significantly increase the funding on both ends of the spectrum, both for state of good repair as well as for expansion, and then ultimately, I call it more with a velvet hammer, OK, because we have gotten ourselves into this quagmire, I think we have got to have an immediate infusion that really is very focused on the state of good repair and understand we have got what we have got and then ultimately wind up tying Federal funding decisions, in terms of expansion to at least being able to show a modicum in terms of what you have done in terms of satisfactory use of that investment, and I would be very supportive of that.

But we are in the mess that we are now, and quite candidly, just putting a hammer down and saying, well, there is not going to be any growth until we wind up taking care of state of good repair, I think would be short-sighted on all of our parts.

Senator SHELBY. Do you have any comments?

Mr. SARLES. Just to go back to a little bit of what I said earlier, our first priority has always been safety and state of good repair. That is how we took a system that was totally disinvested in in the last part of the last century and created one that is in a state of good repair. And we always look to spend our money first on state of good repair.

But when we looked at capacity expansion, such as the ARC tunnel project, one of the things that we were required to do was demonstrate to the FTA that in our capital program, not only could we take care of capacity expansion, but we had the money to maintain a state of good repair for the existing system.

Senator SHELBY. Is the primary problem lack of funds, lack of planning, or all of it? Yes sir, Mr. Catoe.

Mr. CATOE. Thank you, Senator Shelby. The first problem is lack of funds, lack of sufficient funds.

Senator SHELBY. Sufficient funds.

Mr. CATOE. There is funding, but the needs are greater than the amount of funding. And if you look from a historical perspective, and we talk about balance, we could probably look back and say, maybe we didn't have the proper balance of expansion and maintenance of our system. But over time, the amount of dollars necessary for the maintenance grows at a much higher rate than what has been budgeted and allocated under the Federal program.

And from a planning perspective, again, that needs to be part of the mix going forward whenever there are appropriations for new starts, that we need to build in the formula, what will it cost to maintain that system over the next decades or century.

Senator SHELBY. Ma'am, do you want to say something?

Ms. BROWN. Well, I was just going to add that in the case of CTA, our funding problems are also operational. And so as we try and straddle the operation funding shortfalls, we tend to use some capital dollars for preventive maintenance which exacerbates our capital needs problem. So it is a funding problem on both sides.

Senator SHELBY. Mr. Catoe, I am not picking on anybody, we are just looking for answers to things. Your ridership is about 800,000 day in, day out now?

Mr. CATOE. The ridership on the rail system averages just slightly under 769,000—

Senator SHELBY. OK.

Mr. CATOE. —but we have had the 25 highest ridership days in the past—

Senator SHELBY. How much money does that bring in in a year, just roughly?

Mr. CATOE. Roughly, and I have to do the math in my head, about \$400 million. We recover approximately 80 percent of the operating costs on the rail system through the fares—

Senator SHELBY. You knew what my question was going to be.

Mr. CATOE. Yes.

Senator SHELBY. So you recover about 80 percent through your cash-flow, whatever it is.

Mr. CATOE. Through the fares themselves.

Senator SHELBY. OK.

Mr. CATOE. On the operating costs, not capital costs.

Senator SHELBY. OK. All right. Is that basically what the others do, more or less?

Mr. CATOE. I think it is the second-highest in the country. I think New York—

Ms. SCOTT. It is second-highest in the country. I am overall at a 28 percent farebox recovery, and on rail, we are at roughly 35 percent.

Senator SHELBY. OK. What about New Jersey?

Mr. SARLES. New Jersey, overall, we are between 45 and 50 percent. Rail runs higher, bus a little bit lower.

Ms. BROWN. CTA is roughly 50 percent. It is a little higher this year because our subsidy was cut, about 63 percent this year.

Senator SHELBY. OK. It is my understanding that the Federal Transit Administration does not currently define “state of good repair.” Do you believe that there should be a uniform definition for state of good repair, and more importantly, should there be specific measures and requirements tied to such a definition? In other words, first of all, is that right? FTA does not currently define state of good repair?

Mr. CATOE. Senator Shelby, if I might, I don’t feel like I am being picked on, so I don’t mind responding. I think there are various definitions in the industry—

Senator SHELBY. I wasn’t here. I am sorry.

Mr. CATOE. OK. There are various definitions in the industry of the state of good repair, and what we need to do, working with the Federal Transit Administration, is to ensure that we have the same definition and that we have the same measurements in place to ensure the systems are consistent. And so the answer to your question is, I support a common definition and a common standard of

measurement throughout the industry to determine state of good repair.

Senator SHELBY. Do you—go ahead. I am sorry.

Ms. SCOTT. I would join that. In fact, when you asked the previous question, I think that part of the problem has definitely been under-investment, but the other issue is that we really are all over the map in terms of structure on state of good repair, what it means, having the tools, having the appropriate information. And so there is real rigor that is required in that area.

Now, I join with Rick over here. I don't want to wind up seeing something that just becomes a cookie cutter that spits out some numbers and then all of a sudden, there is some rigid pass or fail, but some real greater discipline in that area is definitely required.

Senator SHELBY. Thank you. Mr. Chairman, thank you for holding the hearing.

Chairman MENENDEZ. Thank you, Senator Shelby.

I just want to just follow up with one or two last questions before we are going to start a series of votes. We have been fortunate that we got all this testimony in before the votes start.

You know, I think Senator Shelby raised a good question when he said, correct me if I am wrong, but basically, should we not be considering when we are extending service versus our capacity to maintain in good condition the existing service we have. I guess that is a challenge to agencies, right, because if there is a demand for greater service and you don't meet that demand, then there is a flip side of a consequence to that. Obviously, that ridership goes somewhere else, and therefore your farebox goes down and that has a consequential effect. Is that a fair assessment of it?

Mr. CATOE. Well, if you don't provide quality service and have sufficient capacity, your ridership will drop. We have not experienced that, though. Our experience has been that we have very heavy loads and heavy capacity. But again, as I commented, I support the concept of if you are going to build a system, that you plan for the maintenance of that system year one, two, three, out through year 50, and that there are provisions set aside to do that. One of the issues for the reauthorization or the authorization bill, is how is the mix broken up—

Chairman MENENDEZ. Let me ask you this question. I don't mean to interrupt you, but if you get 80 percent back, in your case, of your operating costs, which means you still have a 20 percent shortfall—

Mr. CATOE. Yes.

Chairman MENENDEZ. —what do you get on your capital costs?

Mr. CATOE. From the farebox recovery standpoint, there is zero on capital. The local jurisdictions as well as the Federal Government pay for that.

Chairman MENENDEZ. Right. So the bottom line is that even one of the most highly efficient operating systems has a 20 percent shortfall in its operating budget and it gets nothing in terms of its ridership ultimately as it relates to capital needs. So this is a fundamental reality of a mass transit system and I think that our colleagues in the Congress have to understand that as one of the fundamental issues in whether or not you want an effective mass transit system.

My other point is that I think that, in my view as someone who previously, before coming to the Senate, represented a Congressional district, Senator Shelby, that was right across from Midtown Manhattan, and on that fateful day on September 11 came to a very hard way of understanding that in a post-September 11 world, having multiple modes of transportation are critical for national security. On that particular day, when the PATH trains stopped, when the bridges were closed, when the tunnels were closed, having another form of transportation, which in that case was ferries, poured people out of downtown Manhattan to get triaged in hospitals in New Jersey.

And while that is different than the type of transit that we are talking about right now, it highlighted the importance of a post-September 11 world in which multiple modes of transportation, in addition to getting to a place for job and economic opportunity, in addition to improve the quality of life that we have, sitting less time in traffic and being more productive at work and having more quality time with our families, in addition to improving the air that we breathe in many parts of this country where cancer, respiratory ailments are still too high and unacceptable, in addition to environmental issues, in addition to planning in a way that you can create a ratable basis around transportation systems through transit villages, that there is also a security component to this, because when something happens, God forbid, and I hope it never, ever happens again—that is what we work every day to make sure—but if it were to happen, we need multiple modes of transportation to get people out of that area of incidence into a place of safety, and I think that is another component that we lose sight of along the way.

Well, with that, thank you all for your testimony. The record is going to remain open for 1 week to allow Senators the chance to ask follow-up questions in writing. For those of you who receive questions, we ask you to respond to them as promptly as possible.

I want to thank all the witnesses for participating, helping the Committee prepare for the upcoming reauthorization legislation.

With that, the hearing is adjourned.

[Whereupon, at 3:47 p.m., the hearing was adjourned.]

[Prepared statements, responses to written questions, and additional material supplied for the record follow:]

PREPARED STATEMENT OF PETER M. ROGOFF

ADMINISTRATOR, FEDERAL TRANSIT ADMINISTRATION,
DEPARTMENT OF TRANSPORTATION

AUGUST 4, 2009

Chairman Menendez, Ranking Member Vitter, and Members of the Subcommittee, thank you for the opportunity to appear before you today to discuss the state of good repair of the Nation's public transportation systems. In the interest of both the safety and the reliability of our public transportation systems, it is imperative that we aggressively address and stay on top of their aging condition. Deferred maintenance items, if deferred long enough or left undetected, can become critical safety risks. The issues of the conditions of our transit infrastructure and the safety of our transit systems are inextricably linked. The Federal Transit Administration's (FTA) role in the safety oversight of these systems is extremely limited as a matter of Federal law. We are statutorily prohibited from establishing national safety standards for a large segment of the Nation's rail transit system. Still, FTA continues to regularly assess the condition of transit infrastructure and disseminate and encourage best practices by the industry.

Safety

Safety is the Department's highest priority. And, as we address safety issues as part of this hearing, it must be remembered that traveling by rail transit in the United States remains an extraordinarily safe way to travel—far safer than traveling on our highways. That makes it particularly important that our transit systems maintain their infrastructure to a standard where they can provide riders with service that is both reliable and comfortable. Conditions that prompt commuters to abandon transit and get back into their cars adversely impact highway safety performance. And, defective equipment, late trains, broken escalators, and malfunctioning air conditioners do just that.

While transit remains the safest mode of surface transportation in the United States, the National Transportation Safety Board (NTSB) has been called in to investigate several transit-related accidents in the recent past. The NTSB investigated the July 2006 Chicago Transit Authority (CTA) Blue Line derailment that resulted in 152 injuries. They concluded that “[t]he tie plates and fastener systems failed to maintain the track gauge because of the effects of corrosion, wear and tear, and degraded ties.” Their report stated, “[t]he accident is a wake up call . . . to all transit agencies . . . with equipment and infrastructure that ages with each passing day.” This lag screw served as one of thousands holding CTA rail to ties in the area of the Blue Line derailment. As you can see, it is corroded and deformed from its original design. It was so ineffective that it could be removed by hand. The NTSB report noted that most of these ties and fasteners date back to the installation of the original Blue Line that opened for revenue service on February 25, 1951. It should not be a surprise to anyone that a 58-year-old track structure is prone to failure.

The NTSB statements appear prophetic today. While its investigation of the June 22, 2009, Washington Metropolitan Area Transit Authority (WMATA) subway train collision is not complete, NTSB preliminarily reports that the condition of equipment and age of the rolling stock may have resulted in the tragic loss of life and injuries. Such tragedies are unacceptable. A little over a year earlier, on June 9, 2008, there was a derailment on WMATA's Orange Line outside the Court House station. The accident investigation and WMATA's subsequent public announcements indicated that an undetected track defect had contributed to the derailment. WMATA responded by initiating the purchase of a track geometry car which should be on the property by this September to better assess and evaluate track defects to find and correct problems before a derailment occurs.

We all must focus our attention and resources on this important issue of maintaining the significant public investment in transit systems, if we are to maintain public confidence. Moreover, while transit remains a safe mode of travel, data indicates that a number of accident categories have trended up in recent years.

Equipment failures at transit stations can also cause safety problems and erode customer confidence. A little over 2 months ago, New York's Metropolitan Transportation Authority, (MTA) released a list of 23 of its worst-functioning elevators and escalators. MTA operates 158 passenger elevators and 169 escalators in five boroughs. According to the report, three escalators have not operated in over a year, another two escalators worked less than 37 percent of the time, and yet another escalator operates only 67 percent of the time. The report also showed that about 31 MTA elevators and escalators dropped from working more than 90 percent of the time in 2008 to working only 80 percent of the time or less. And, in July 2008, a

“subway report card” issued by the Straphangers Campaign said that the New York City Transit subway system experienced mechanical failures every 156,624 miles in 2006 and every 149,646 miles in 2007.

On July 19, 2006, the Boston Herald reported that Massachusetts Bay Transportation Authority (MBTA) received 99 complaints within 2 days about air-conditioning breakdowns. MBTA acknowledge that “roughly 14 percent of the fleet—47 cars—had air-conditioning problems” the day before.

Safety is not just about the condition and aging of equipment. The human factor is a critical element. On July 28, 2008, two MBTA trains collided, killing one of the operators and injuring three crew members. Of the 185 to 200 passengers on the two trains, four sustained minor injuries and one was seriously injured. In its July 23, 2009, report, the NTSB stated that the total damage was estimated at \$8.6 million and found that the probable cause was the failure of the operator of the striking train to comply with the controlling signal indication. In this instance, the NTSB also found that a contributing factor was the lack of a positive train control system that would have intervened to stop the train and prevent the collision. In yet another incident involving MBTA transit system on May 9 of this year, approximately 46 people were taken to area hospitals after an operator slammed his trolley into another trolley. It has been reported that the operator admitted to texting at the time of the accident.

Similarly, on July 22, 2009, a collision between San Francisco Municipal Railway (Muni) light-rail vehicles at the West Portal station injured 47 people. While the NTSB is far from concluding its investigation into this accident, investigators reported that the operator involved in the crash appears to have switched his train to manual about 24 seconds before the light-rail vehicle plowed into another train stopped in the station. In so doing, he may have disabled the very system designed to avoid such accidents. These incidents point up the nexus between the state of good repair and the organizational safety culture at transit agencies. Employee attitudes and performance are shaped by the environment they work in. If important maintenance and renewal are deferred, it sends a message. If leadership at all levels of government allow transit infrastructure to degrade, FTA is concerned that public transit employees may become disheartened and be less confident in the functional capacity of their automated safety equipment systems.

Rail transit provides more than three billion passenger trips each year, and moves millions of people each day. At the same time, national passenger fatality rates for heavy rail transit systems are about 0.03 per million passenger miles. This accident rate is lower than most other modes of transportation and far safer than traveling by automobile. However, as evidenced by the recent accidents and incidents highlighted in my statement, in order to maintain this level of safe performance, government at all levels must address each transit system’s state of repair and safety regimes more aggressively. We cannot rest on the laurels of a good safety record—we must take action to ensure that we stay on top of aging infrastructure so that we can not only maintain, but also improve that record. Otherwise safety will degrade.

It is important that we ensure that transit systems know how to develop asset management systems, and that they use them to make tough, but critical investment decisions. Asset management systems focus the attention of transit operators on undertaking the most critical repairs first, and optimizing the sequence of maintenance and repair work over the life of the asset so that the asset is maintained at a state of good repair and at the highest level of safety. This statement is not directed at only the older systems. Newer systems built with advanced technology are aging, and we are uncertain of the useful life of these technologies. So this must be a focus for the entire industry as well.

Federal Regulation

Our Nation’s rail transit systems operate under two very different Federal safety regimes. Some commuter rail systems are funded by FTA but regulated by the Federal Railroad Administration (FRA) safety regulations, while light, heavy, and other urban rail systems are overseen by the State safety oversight (SSO) agencies. For example, commuter rail operations on the general system of railroads—like the Southeastern Pennsylvania Transportation Authority’s (SEPTA) Philadelphia/Doylestown regional rail line (R-5) and New Jersey Transit’s Northeastern Corridor Line—fall under FRA’s safety regulatory system, which includes national mandatory safety standards and on-site spot inspections and audits by Federal technical specialists and inspectors, who have backgrounds in train control, track operations and other disciplines. FRA is also empowered to dictate operating practices and assess fines on those transit operators that don’t comply. On the other hand, for rail systems not subject to FRA oversight—such as the SEPTA’s trolley system and Market-

Frankford heavy rail line, NJ Transit's Hudson-Bergen light rail system, and PATCO (which is a subsidiary of the Delaware River Port Authority of Pennsylvania and New Jersey)—the State is expected to take the lead for oversight and require those agencies to establish a safety program. The State, through a designated SSO agency, is then expected to monitor the transit system's implementation of its safety program. FTA's role is to identify elements of requisite system safety program plans and requirements regarding the timing and establishment of an SSO agency (when there is an FTA funded rail system in the State), provide training and technical assistance to the SSO agency, establish some requirements for State oversight responsibility, and monitor the State's oversight activities. FTA is prohibited by law from establishing national safety standards, requiring Federal inspections, or requiring specific operating practices.

Given this gap between the level of regulatory oversight for rail transit operations and commuter rail operations, a team of safety officials and experts under the leadership of Deputy Secretary John D. Porcari is focused on developing options for transit safety reforms, which may extend to bus operations as well. To that end, the Deputy Secretary's workgroup is collaborating with other modal administrations within the Department of Transportation (DOT) with jurisdiction in safety regulation. These include the Federal Railroad Administration, the Federal Motor Carrier Safety Administration, and the Federal Aviation Administration. We are also assisted in our analysis by the Research and Innovative Technology Administration. This team will review the many alternative models within DOT to address safety as well as review the statutory authority on safety for transit with an eye toward developing reforms.

Conditions and Performance

As suggested earlier, the state of good repair is not just about safety—it is also about the condition of the infrastructure and reliability of transit systems nationwide. The expected useful life for rail vehicles is 25 years, 10 to 12 for heavy-duty transit buses, and 40 to 50 years for facilities. However, transit assets are often called upon to work beyond their original useful life, which requires renewing capital improvement investment. According to DOT's 2006 Conditions and Performance Report (C&P report), the average age of urban light rail cars is 16.5 years and for commuter rail passenger coaches it is 17.8 years. The average age of bus vehicles in urban areas is 6.1 years. Meanwhile, nearly half of the Nation's urban bus maintenance facilities are more than 21 years old. More to the point, on average nearly one-third of urban bus maintenance facilities are in marginal or poor condition, as are 51 percent of urban rail passenger stations and 8 percent of rail transit track. Yet, as transit infrastructure is aging, the demand for service continues to rise. Americans took 10.3 billion trips on public transportation in 2008, the highest level ever, surpassing increases in any other mode of transportation.

Marginal or poor transit infrastructure conditions exist despite FTA's financial support of rehabilitation and replacement activities, primarily through section 5309 Fixed Guideway Modernization funds and Section 5307 Urbanized Area Formula Grant funds. In addition, preventive maintenance is an eligible capital project expense for transit agencies in both large and small urbanized areas. It includes a variety of expenditures—activities, supplies, materials, labor related to maintenance, services, and associated costs—required to preserve or extend the functionality and serviceability of a transit vehicle, facility, or other asset in a cost-effective manner.

For the most part, systems that are adequately financed are those that have a dedicated funding source. For example, WMATA does not have a dedicated source of funding, which we believe has contributed to the system's deteriorating state of repair. Secretary LaHood and I support any Congressional effort to make public transportation agencies more financially viable with dedicated local revenue funding sources, which we believe should be directed to addressing the most safety critical issues in the systems as identified by appropriate vulnerability assessments.

State of Good Repair

Clearly, funding is not enough. Public transportation agencies must make it a top priority to achieve and maintain a state of good repair to provide safe and reliable service to millions of daily riders. To foster this commitment, FTA has made transit infrastructure's state of good repair its priority and has embarked on a multipronged initiative, in partnership with the transit industry, to make progress on this key priority. FTA's state of good repair initiative includes sharing ideas on recapitalization and maintenance issues, asset management practices, and innovative financing strategies. FTA kicked off its state-of-good-repair initiative in 2008, with an initial meeting of 14 transit properties to help the agency identify key issues in bringing the industry into a state of good repair. Since then, FTA has pub-

lished reports on issues associated with state of good repair; set up a state-of-good-repair Web site; formed an FTA-Industry working group to discuss and share issues and ideas; and, just last month, convened a “State of Good Repair Roundtable” hosted by WMATA in Washington, DC. The purpose of this roundtable meeting was to draw attention to the issue, share experiences, and identify needs to address the repair of our Nation’s transit infrastructure. It was attended by over 50 transit experts representing nearly 30 large and small rail and bus transit systems.

Continuing the momentum, in April 2009 FTA presented its State of Good Repair Study, prepared in response to the conference report accompanying the fiscal year 2008 Transportation-HUD Appropriations Act and to a December 7, 2007, letter from Senator Richard Durbin and 11 other senators to FTA.

The State of Good Repair Study assessed the level of capital investment required to attain and maintain a state of good repair for the Nation’s seven largest rail transit operators (Chicago’s CTA, Boston’s MBTA, New York’s MTA, New Jersey Transit, San Francisco’s Bay Area Rapid Transit System (BART), Philadelphia’s SEPTA, and Washington’s WMATA), which carry 80 percent of the Nation’s rail transit ridership. Unlike the most recent C&P report, which looks at the average condition of large and small transit agencies’ bus and rail fleets and facilities, the study assessed assets based on their useful life. The study also estimated the total value of the existing backlog of over-age assets at these seven agencies.

The State of Good Repair Study finds that more than one-third of the seven agencies’ assets are in marginal or poor condition, compared with less than 20 percent for transit agencies in the Nation as a whole. This finding indicates that these assets are near or have already exceeded their expected useful life. In addition, the study finds that there is a backlog of unmet recapitalization needs of about \$50 billion at the Nation’s seven largest rail transit operators. Imagine the impact to the Nation’s economy if these seven systems could no longer provide, due to the deteriorating conditions of infrastructure, the basic mobility that so many Americans depend on daily. Estimating future transit infrastructure needs is difficult, but additional investment will be needed over the next few decades to deal with physical deterioration, congestion, and travel demand.

Transit agencies recognize the need to progress on their state of good repair. For example, SEPTA, one of the seven study agencies, will receive \$190 million in funds from the American Recovery and Reinvestment Act of 2009, which the agency is dedicating to long-deferred rehabilitation of rail stations and other facilities and the purchase of 40 replacement hybrid buses. While all seven study agencies maintain asset inventories for capital planning purposes, and while the industry recognizes the need to improve conditions, the State of Good Repair Study found that other asset management practices are lacking. These include the use of decision-support tools that provide for the ranking and prioritization of reinvestment needs and the conduct of comprehensive asset condition assessments on an ongoing basis. In order to assist agencies in correcting these deficiencies, FTA is developing a transit asset management training course, working with the Federal Highway Administration Office of Asset Management, to glean “lessons learned” from their bridge and pavement management systems to see how they might be applied in transit, and conducting a review of U.S. and international agency asset management practices.

Next Steps

The importance of bringing the transit industry into a state of good repair and addressing the industry’s safety and reliability problems makes clear that further action is needed. To this end, FTA will initiate an expanded study, looking beyond the seven largest transit agencies, to better understand industry-wide state-of-good-repair needs. As part of this follow-on study we will seek to identify what we define as safety critical infrastructure. We will also consider the relationships between a transit agency’s current infrastructure conditions, its ability to maintain and improve those conditions, and its plans to implement new projects under FTA’s discretionary New Starts program.

My staff and I are eager to work with this Committee to identify authorization proposals that will assist agencies in achieving and maintaining a state of good repair that is so necessary to the safety and reliability of public transportation service in our Nation. I will be happy to answer any questions you may have.

PREPARED STATEMENT OF CAROLE L. BROWN

CHAIRMAN, CHICAGO TRANSIT AUTHORITY

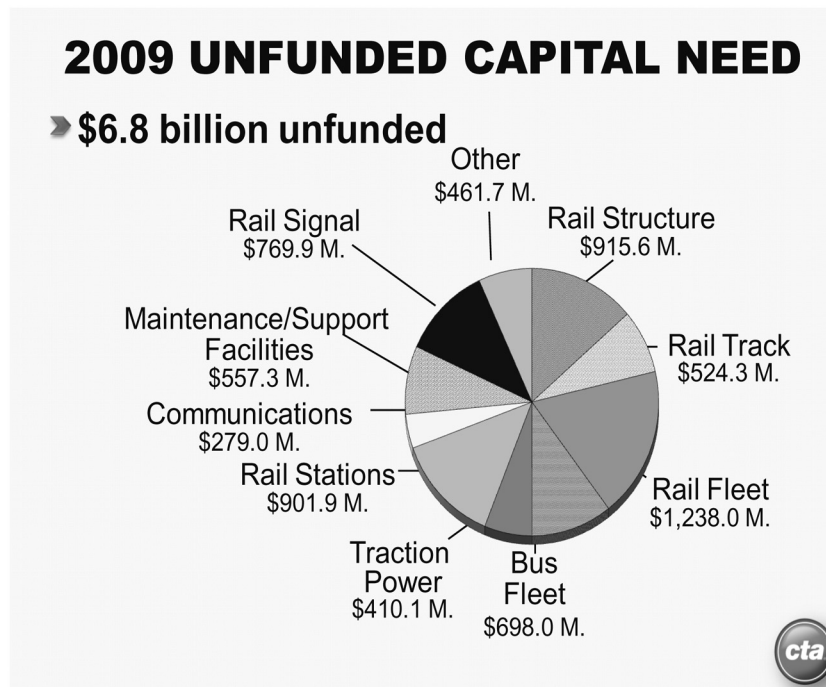
AUGUST 4, 2009

Chairman Menendez, Ranking Member Vitter, and Senators of the Committee, thank you for the opportunity to testify today and address the needs of Chicago's transit system and the importance of the transportation authorization bill.

My name is Carole Brown and I am the Chairman of the Board of the Chicago Transit Authority. The CTA is the second largest transit agency in the country. We carry nearly 1.7 million rides per weekday on 242 miles of track and 154 bus routes throughout Chicago and Cook County. CTA is the primary transit agency in north-eastern Illinois. We carry 80 percent of the transit riders in the Chicago region. We are the agency that operates the "L," the elevated train system that has become an iconic symbol of Chicago.

Sadly, that iconic symbol is aging and in poor health, as is our bus fleet and our subway system. Our oldest elevated rail, the North Mainline, was built between 1899 and 1900; our oldest subway, the State Street Red Line, was built during World War II; our oldest rail car still in operation dates to 1969 and it has 1.7 million miles on it; and our oldest bus garage, the 77th Street Garage, was built in 1907.

As you can see from the pie chart (Attachment 1), CTA has a \$6.8 billion, 5-year unfunded state-of-good-repair need. This is in addition to our current fully funded 5 year, \$3 billion capital plan, and does not include expansion projects that total over \$4 billion. \$6.8 billion is the shortfall needed in order to bring our system to a state of good repair.

Attachment 1

Our largest maintenance need—\$4 billion—is in the category of funding that Congress often calls "Rail Mod." The \$4 billion includes:

- \$900 million for rail stations and park-n-rides
- \$915 million for basic rail structures like foundations, viaducts, and subway exhaust systems

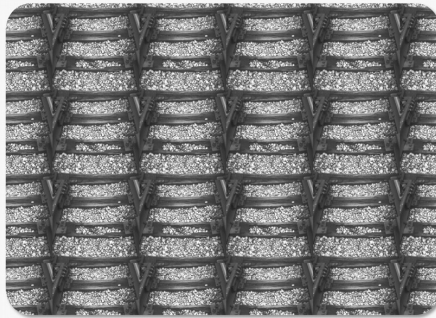
- \$525 million for track work, railroad ties and ballasts
- \$410 million for power substations and contact rail and cables

The pictures of rail ties and rail structure (Attachments 2 and 3) are unfortunately common throughout our system.

Attachment 2

RAIL TRACK -- \$524.3 MILLION

- 1.2 million feet of track
- 91,243+ feet (7.7%) of slow zones
- 760,000 rail ties in system



Attachment 3

RAIL STRUCTURE -- \$915.6 MILLION

- 121 viaducts and bridges
- 87.5 miles of 2-track elevated structure
- 8.3 miles of embankment retaining walls



We also need \$1.2 billion to repair and replace our rail fleet that travels 225,000 miles per day. We use 1200 rail cars to operate our system; 28 percent of this fleet is over 32 years old. The FTA standard for useful life is 25 years. Our rail fleet's

average age is 24 years. We could replace two-thirds of our aging fleet of rail cars with \$1.2 billion.

We are thankful for all of the Federal rail modernization and other formula funds we receive. In the past 2 years CTA has borrowed against future Federal funds in order to reduce our 15 minute per mile slow zones from 30 percent of the rail system to just 7 percent. As we completed this repair work in 2008, CTA ridership increased 5 percent due in part to a sudden spike in gas prices. At the same time, as was seen throughout the rest of the country, vehicle miles traveled on the region's roads declined. The good news is that even after gas prices were cut in half this past fall, those people who had switched from driving to transit continued to ride the trains and buses rather than return to driving. Had we not fixed the slow zones when we did, those people new to transit would have become frustrated with slow, inefficient, and unreliable train service and quickly returned to commuting in their cars.

The whole point to my being here is to stress the importance of maintaining the Nation's transit systems. A healthy transit system helps to alleviate congestion on the Nation's roads. Indeed, a substantial and sustained investment in transit is critical to our Nation's economic well-being.

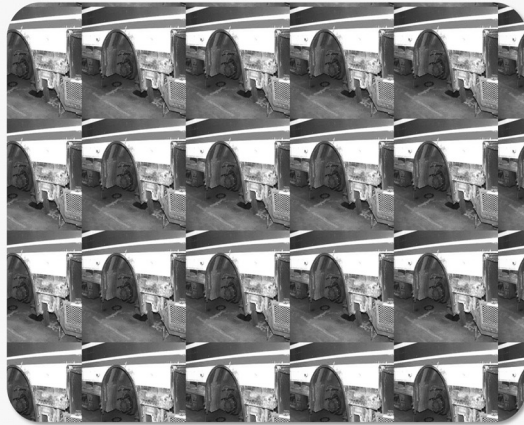
That is why I was so pleased that 12 members of the Senate including Chairman Menendez and Senators Bayh, Dodd, and Schumer asked for a Federal Transit Administration report on the Nation's rail modernization needs. The resulting FTA Rail Modernization Study Report to Congress found that fixed guideway funding is no longer being allocated solely to its intended recipients—rail transit systems—and that due to nonfixed guideway based entities such as high occupancy lanes, and bus lanes taking a share of the money, the intended recipients have seen their funding decline sharply. As a result, the seven largest rail transit systems, including CTA, New Jersey Transit, WMATA and the New York City MTA, carry 80 percent of the Nation's rail riders but have witnessed their maintenance backlog grow to a collective \$50 billion. The CTA share of this figure is over \$4 billion, which in real terms means that CTA rail track and rail cars have grown past their useful life, thereby leading to an increase in rail slow zones to ensure safety on the rail system.

CTA is in dire need of modernization. Your leadership in addressing this issue for Chicago and many of the other older rail cities would go a long way to rectify this problem. The FTA report provides a blueprint for modernizing the Nation's fixed guideway systems by simplifying the Fixed Guideway Modernization Program so that funds are allocated based on age, type of rail system, and maintenance needs of a transit system. Realignment of the program will likely lead to an increase in funds for true fixed guideway agencies such as CTA, New Jersey Transit, WMATA, and New York City MTA which means a faster, more efficient, and safer ride for our rail riders. I thank you Chairman Menendez for your leadership on this issue and ask the Members of the Committee to consider the FTA recommendations as you deliberate the transportation authorization bill in the coming months.

While CTA's rail system is in the greatest need of repair, I would be remiss if I didn't address our bus needs. A significant portion of our fleet of 2,200 buses, which carry a million rides per weekday, is well past its intended life. 15 percent of our bus fleet is more than 12 years old, which happens to be the FTA standard for useful life. And these national standards don't reflect the unique conditions of individual transit systems: CTA vehicles travel many more miles, carry far more people and operate in harsher climate conditions than the typical transit system. As you can see from the picture that is Attachment 4, our three hundred-plus 1995 series buses average over 450,000 miles. These buses have traveled the distance from the earth to the moon—AND back.

1995 BUS W/ SIDEWALL DECAY

- ▶ Average mileage for the 300 buses in this series is 450,000+ miles



When I testified before the House Committee on Transportation and Infrastructure in January, Congressman Defazio of Oregon asked me how quickly CTA could spend any money it received from the proposed stimulus funding. Just one month after President Obama signed the American Reinvestment and Recovery Act the Chicago Transit Board proceeded with the purchase of 58 buses from New Flyer and approved a \$56.6 million contract for renewal of approximately 36,000 feet of track in the Blue Line Dearborn subway. This work will remove existing slow zones, prevent new slow zones from developing, and is expected to be completed by the end of this year. Indeed, on April 20, Senator Durbin joined us as we broke ground on the project—the first major transit project to be paid for with ARRA funds. CTA will also use the ARRA funds for:

- Preventive Maintenance—projects are fully spent and 100 percent complete—\$75.2 M
- Replacement Buses—11 buses delivered out of 58; project is 19 percent complete. Target final delivery by October 2009—\$50 M
- Kedzie Garage HVAC Replacement—project is 2–3 weeks from being fully encumbered. Target completion is November 1—\$5.5 M
- North Park Garage Oil/Water Separator—Staff will recommend award of construction bid at August CTA Board—\$2.4 M
- Subway Escalators—Project is underway, construction continues—\$4.8 M
- Reconstruct Rail Stations—\$14.4 M
- Cermak Station Rehabilitation—Zoning work in process, design work in process, permitting in process—\$12.5 M
- Belmont/Fullerton Canopy Extensions—CTA Board approval July 15, target completion date is December 2009—\$1.9 M

I want to thank every member of the Senate for their leadership in passing this much needed stimulus bill that will create over 1500 jobs just through projects for CTA alone.

Finally, while I've focused on capital, it is worth noting that transit also has operating needs. National transit ridership has reached 50-year highs with over 10 bil-

lion trips taken in 2008. CTA alone provided half a billion of these trips. Yet ironically, transit providers throughout the country are raising fares and cutting back on well-utilized service because of shortfalls in operating funding. Earlier this year CTA increased its monthly passes from \$75 to \$86. We've experienced a \$190 million, or 20 percent, decrease in the operating subsidy that we receive from the State of Illinois this year and expect it to remain flat in 2010. Cutbacks of this magnitude will force a reduction in service and possibly another increase in fares. People will be forced back into their cars; the unemployed, seniors, and disabled could be stranded. I appreciate the efforts to allow the use of stimulus funds for operations. But as I pointed out, CTA's capital needs are so great that diverting scarce capital resources to operating expenses further erodes our ability to maintain a viable transit system for the citizens of Chicago.

I hope my testimony here today has given you a glimpse of the challenges the Chicago Transit Authority faces, but also the great opportunities robust transit systems offers for the Nation's economic well-being. I know Chicago's issues are a good example of the issues facing all large cities with older transit systems, so we are not alone in our plight and in our opportunities.

I would be happy to take any questions, and I thank the Committee for your hard work in crafting a transportation package that will keep people and the economy moving.

PREPARED STATEMENT OF JOHN B. CATOE, JR.

GENERAL MANAGER, WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

AUGUST 4, 2009

Mr. Chairman, Ranking Member Vitter, and Members of the Subcommittee, thank you for the opportunity to testify before you today. I am John Catoe, General Manager of the Washington Metropolitan Area Transit Authority, known as WMATA, or Metro. My testimony today will provide an overview of Metro's capital needs over the next 10 years and make several recommendations about ways that the Federal Government can help rail transit systems meet their future infrastructure needs.

Before I address those topics, I want to take a moment to thank the Chairman for his leadership on an issue that has arisen as a result of the economic downturn with regard to transit agencies' leaseback arrangements with banks and other financial institutions (known as "LILOs"). These arrangements were endorsed by the Federal Transit Administration as an innovative financing mechanism to help transit agencies meet their capital needs, and I encourage the Congress to swiftly enact Chairman Menendez's legislation, S. 1341, to protect transit agencies from having to make windfall payments to the banks.

I also want to commend the Chairman and Members of this Subcommittee for their leadership on the issue of transportation and climate change. The hearing that Chairman Menendez convened last month on this topic clearly showed that unless we find a way to reduce the growing number of vehicle miles we travel every year, emissions will increase faster than they can be offset by simply using cleaner fuels and vehicles. I encourage Congress to include funding for transit projects in the climate change bill currently being developed and to create incentives for sensible transit-oriented development policies around those projects in order to reduce transportation sector emissions. In this way, we could further leverage the benefits that public transportation provides to all of us. Transit takes cars off the road, reducing congestion and fuel consumption and improving air quality. As we here in the National Capital Region know well, public transportation systems also stimulate economic growth that generates and sustains employment. Transit makes a significant contribution to Americans' quality of life, and it is essential that there be sufficient investment in our existing transit infrastructure to allow transit agencies to continue to provide the service that our Nation needs and deserves.

Background on Metro

The Washington Metropolitan Area Transit Authority was created in 1967 as an Interstate Compact agency through enactment of legislation by the U.S. Congress, and by the Commonwealth of Virginia, the State of Maryland, and the District of Columbia. Metro is the largest public transit provider in the Washington, DC, metropolitan area and the second largest subway and sixth largest bus system nationally. "America's Transit System" serves a population of over 3.5 million within a 1,500 square-mile area as well as visitors to our Nation's capital from across the country and around the world. During Metro's most recent fiscal year (July 1, 2008–

June 30, 2009), we provided on average 748,000 rail trips, 446,000 bus trips, and 7,000 paratransit trips every weekday. The Metrorail system operates a fleet of 1,100 rail cars on a 106-mile system, with 86 stations, and the Metrobus system operates a fleet of more than 1500 buses serving more than 12,000 bus stops along 340 routes in the District of Columbia, Maryland, and Virginia. The Metro system is critical to the vitality of the region and one that is used every day by Federal workers, who make up about 40 percent of Metrorail's rush hour riders.

During fiscal year 2009 the Metro system provided nearly 360 million trips, about 223 million of which were on the rail system, 134 million on Metrobuses and over 2 million with the MetroAccess paratransit service. Over the last 3 years (FY2007–2009) ridership on the rail system has grown by 15 million annual passenger trips (a 7 percent increase) and ridership on Metrobuses has grown by 2 million annual passenger trips (a 2 percent increase). MetroAccess ridership has been growing as well, and is up by 43 percent since 2007.

Metro's Capital Needs

While ridership is at an all-time high, the Metro system is feeling its age. To use an analogy that any homeowner can relate to: our crowded house is 33 years old, and our needs go far beyond a spring cleaning and a fresh coat of paint. We have a wet basement, rusting pipes, cracked tiles, old wiring, and the equivalent of a 1976 model car in a 100-year-old garage. If we are to help meet the future transportation needs of this region, including the Federal Government, we must begin to address these issues today.

Recognizing this fact, Metro staff recently conducted a detailed capital needs inventory for the period between FY2011 and FY2020, and determined that the agency's future capital needs in that period total more than \$11 billion. The inventory addresses only the existing Metro system; it does not include the costs of any extensions of the current system. Almost two-thirds of the needs are focused on Metro's aging infrastructure and are necessary to maintain the system's safety and performance; the remaining third are focused on investments necessary to increase the carrying capacity of the existing system in order to meet future ridership growth and improve the customer's experience.

According to the capital needs inventory, Metro will need more than \$7 billion over the next 10 years to maintain and improve the current bus, rail and paratransit systems in a state of good repair and to deliver safe and reliable service. These needs include repairing leaking tunnels and crumbling platforms, upgrading our tracks and associated infrastructure, fixing escalators, replacing about 100 buses every year, replacing very old bus facilities (including one that is 100 years old), and updating critical software. Metro also needs to replace more than a quarter of its rail car fleet, including cars that are more than 30 years old and near the end of their lifecycle.

Almost \$4 billion would be targeted to meeting the growing ridership demands and improving the customer's experience on Metro's bus, rail, and paratransit system during the next decade. Between FY2010 and FY2020, Metrorail ridership is expected to grow 22 percent to nearly 1 million trips per day, and Metrobus ridership is expected to grow 9 percent to over half-a-million trips per day. To serve even more riders with better quality service, Metro is proposing service enhancements in a number of priority corridors that would increase bus ridership by roughly 20 percent by 2020. Metro needs power and control system upgrades and additional rail cars to run longer trains on all lines during rush and nonrush hours, more than 300 new buses, and additional MetroAccess vehicles to move these new riders. Demand for this service to transport people with disabilities who are unable to take Metrorail or Metrobus is expected to double to roughly 4.5 million trips per year by 2020.

Safety and Reliability

As the Members of the Subcommittee are no doubt aware, Metro experienced a tragic accident on June 22, 2009, when two Red Line trains collided outside of our Fort Totten Metrorail station. I and all Metro employees are terribly saddened by the loss of life and the injuries that occurred on that day. While Metro is a transportation provider, safety is at the foundation of everything we do. We have always taken our responsibility for safety seriously, and we will not rest until we know the cause of the accident and have addressed it.

While the investigation of the accident is still ongoing by the National Transportation Safety Board and no root cause has yet been identified, the accident has refocused attention on the state of rail infrastructure around the country. Given that heavy rail systems move millions of people each day, this is a topic of vital importance, and I appreciate this Subcommittee's attention to it.

Metro recently cohosted a roundtable with the Federal Transit Administration which brought together representatives from transit agencies around the country to discuss the importance of, and the challenges related to, keeping rail systems in a state of good repair. Also, as you are aware, the Federal Transit Administration issued a report earlier this year identifying a significant backlog of state-of-good-repair needs at the seven largest heavy rail transit systems, including Metro. Both the roundtable and the study made clear that there is ample demand from many transit systems for additional Federal support to sustain the safety and reliability of their systems.

People outside the rail business may not realize just how much work is involved in keeping a rail system running smoothly. It takes a lot of effort to maintain a system with over 200 miles of track, 86 rail stations, and 1,100 rail cars, not to mention 1,500 buses and all of the associated facilities and infrastructure. Let me give you an example. Metro's Board of Directors recently approved a contract to rehabilitate a segment of the Red Line, our oldest line. Typical work to be performed under the contract—which does not include maintenance or rehabilitation on the tracks or bridges themselves—includes:

- Traction power work
- Automatic train control and communications upgrades
- Track fastener replacement
- Tunnel lighting replacement
- Tunnel ventilation and fire stand pipe rehabilitation
- Platform slab and tile replacement
- Platform canopy roof replacements
- Station vault repairs
- Air conditioning and ventilation equipment rehabilitation and replacement
- Elevator and escalator rehabilitation and replacement

These activities may not be exciting to hear about, nor will they generate ribbon-cuttings or groundbreakings. But without them, service and safety will suffer. There will be more delays due to failing infrastructure, and that means lost time for our customers, and lost productivity for our region. The work we do every day on rehabilitation and replacement of our rail assets and infrastructure is the foundation upon which this region's mobility rests.

Federal Transit Programs

With that background, I would like to take this opportunity to make some observations about the Federal transit program, how it works today, and how it could be improved to better meet the needs of heavy rail transit systems such as Metro.

As a rail system that is over 30 years old, Metro's largest capital cost is maintaining that system in a state of good repair. As I said earlier, almost two-thirds of our capital needs over the next 10 years are focused on maintaining the safety of our system and the reliability and quality of our service. The primary factor that limits our ability to fully meet these needs is, not surprisingly, money.

The Federal formula programs from which Metro receives an allocation (the Section 5307 Urbanized Area Formula and the Section 5309 Fixed Guideway Modernization Formula) have worked well and have helped to support Metro's efforts to maintain the safety and reliability of our system. However, as the system continues to age, we need additional support from the Federal Government to ensure that needed rehabilitation and replacements can take place. In order to continue maintaining and improving our infrastructure, we will need an increase in the overall size of the Federal transit program or in the share of the program directed toward replacement and rehabilitation of existing assets.

The Federal Government is not being asked to stand alone with regard to investment in public transportation. These Federal dollars would be matched by local sources, including contributions from the State and local governments in the communities we serve. Speaking for Metro, our local funding partners have stepped up to the plate time and time again. Between now and next July, they will contribute \$574 million, or about 41 percent of total operating cost for the rail, bus, and paratransit systems.

They will contribute another \$188 million, or about 36 percent of capital program costs, so that we may complete ongoing projects within the next 12 months. But they cannot do it alone, particularly in these challenging economic times.

The funding provided by the Federal Government is critical to our ability to keep our systems running safely and reliably. If we do not receive sufficient funds now,

service, as well as safety, will decline, leaving millions of Americans with few or no transportation options.

Increasing Ridership/Capacity Issues

I also want to bring to the Subcommittee's attention an issue that many transit agencies are facing, ironically as a result of our own success. As more people are riding transit—to avoid traffic congestion, reduce fuel consumption, or for other reasons—extraordinary demands are being placed upon our transit systems. Metro is already reaching capacity on many parts of our rail system. Our growing ridership is stressing our downtown stations and crowding our rail cars. As ridership continues to grow, conditions will become even worse. To visualize the future, one need only reflect on the crowding that Metro experienced on Inauguration Day, January 20, 2009, when we provided approximately 1.2 million trips on the rail system. As extraordinary as that effort seemed at the time, the record number of riders we carried on Inauguration Day could be the ridership we must move during a typical workday by 2020.

To meet that demand, we are looking at expanding the rail fleet by 220 new cars so that we can run longer trains; adding more than 300 new buses; and connecting key rail stations with pedestrian tunnels that will significantly reduce congestion in the downtown core and save our customers travel time. Of course, in order to run more cars on the existing system, we will also need to replace power and control systems to handle longer trains and shorter headways, as well as expand our rail maintenance facilities to accommodate the additional cars.

These are capital investments on an existing transit system to upgrade, expand or increase the capability of the system to accommodate a demonstrated growth in ridership. These investments are needs beyond what can be funded from existing formula programs. In fact, the current structure of the Federal transit program does not provide funding for major capacity investments such as these. The bread-and-butter formula programs provide a predictable annual stream that helps us keep up with our routine capital needs. The New Starts program funds new service. Other programs meet other targeted purposes such as access to jobs and access for the disabled. All of these are extremely important, and should be continued and enhanced in the next authorization bill. However, there is no program at the Federal level to provide funds for a significant capital investment such as would be required to expand capacity on an existing system, such as purchasing additional rail cars and making the upgrades in power and maintenance facilities to accommodate them. As the Subcommittee considers ways to meet the infrastructure needs of transit systems, I encourage you to develop a source of funding at the Federal level for large-scale capital investments to expand capacity on existing systems so that we may meet future ridership demand.

Conclusion

I appreciate the Subcommittee's interest in the state of America's heavy rail infrastructure. There is a strong Federal interest in increasing the level of funding directed toward transit infrastructure needs. In 2008, Americans took 10.7 billion trips on public transportation. Public transportation helps to meet national goals such as environmental quality, economic growth, and reduced dependence on foreign oil.

We at Metro are committed to doing whatever is needed to ensure that our system is as safe as it can be and to providing the best possible service, now and in the future. We strongly urge the Congress to provide a higher level of investment in rail infrastructure to ensure that we can keep our system performing safely and reliably. Thank you for the opportunity to testify today, and I look forward to answering any questions you may have.

PREPARED STATEMENT OF RICHARD R. SARLES

EXECUTIVE DIRECTOR, NEW JERSEY TRANSIT

AUGUST 4, 2009

Chairman Menendez, Ranking Member Vitter, and distinguished Members of the Committee—my name is Richard Sarles and I am the Executive Director of NJ TRANSIT. NJ TRANSIT is the Nation's largest statewide public transportation system providing nearly 900,000 weekday trips on 2000 buses, three light rail lines, and 12 commuter rail lines. NJ TRANSIT also operates hundreds of trains daily over the Amtrak-owned Northeast Corridor.

Mr. Chairman, I want to thank you and the other distinguished Members of this Committee for providing me the opportunity to testify today on the criticality of providing the necessary capital funding for mature public transportation agencies.

As you know, the Rail Modernization program was created by Congress to provide funding for established transit agencies for the purposes of improving existing systems, including purchase and rehabilitation of rolling stock, track, structures, signals and communications, power equipment and substations, passenger stations and terminals, maintenance facilities, and core capacity expansion.

In short, the Rail Modernization program was created to assist in bringing my agency's infrastructure and the infrastructure of all of the mature transit agencies across the country to a state of good repair.

When it comes to state of good repair, NJ TRANSIT is a success story.

We inherited infrastructure and equipment from predecessor bus companies and railroads, such as the Pennsylvania and Erie Lackawanna, dating back in many cases to the earlier part of the 20th century.

Unfortunately, public transportation under private ownership throughout much of the mid 20th century suffered from significant disinvestment and lack of maintenance.

From its inception in 1979, NJ TRANSIT focused its efforts on restoring equipment, facilities and infrastructure to a state of good repair. It has taken three decades to bring NJ TRANSIT to a state-of-good repair and we will need to continue to concentrate our efforts in this regard to maintain our infrastructure and equipment. In FY09 alone, we spent two thirds (67 percent) of our capital program on state of good repair and capital maintenance.

During the 1990s, NJ TRANSIT also expended significant resources on the connectivity of the system which necessitated capacity expansion projects including the Midtown Direct service from Montclair and the construction of the Frank R. Lautenberg transfer station in Secaucus. NJ TRANSIT also embarked on the construction of two light rail systems in the 1990s: Hudson-Bergen Light Rail and the Riverline.

As those projects were being completed, we again reemphasized that our top investment priorities were safety, state of good repair and core system capacity.

That effort has produced very tangible results.

NJ TRANSIT is in the midst of the largest rolling stock upgrade program in our history, involving the purchase or rehabilitation of over 4,100 pieces of equipment.

Over half of our rail passenger fleet has been replaced or overhauled in the past 6 years. We are also in the midst of replacing all of our transit and suburban style buses.

We have invested over \$100 million in four critical movable bridges. We have replaced viaducts, opened new rail yards, replaced wooden ties with concrete ties, and completed a \$90 million automatic train control system upgrade.

All of these efforts led the FTA to declare in May of this year that NJ TRANSIT's capital program supports a state of good repair for the system. However, continuing this success will require renewal and enhancement of Federal funding. It also requires adequate funding to support routine maintenance to prevent premature degradation of equipment and infrastructure.

How did we get to this point?

It started with the bipartisan support for the formation of NJ TRANSIT 30 years ago. Most recently, our focus on state-of-good repair was reinvigorated by Governor Corzine directing through the last reauthorization of our State Transportation Trust Fund that NJ TRANSIT produce an annual submission of our capital investment strategy to the NJ State Legislature. That strategy promotes safety and state of good repair as our top priority, followed by core capacity improvements and lastly expansion of the reach of our system.

We also "walk the walk." Our bridge inspection program directs our engineers to inspect all of our bridges biannually or annually, depending on the type of bridge. Inspection is not limited to bridges. Facilities too are inspected regularly.

We have in-house forces whose principal focus is to replace track continually, throughout the system. These efforts have resulted in improved reliability for our customers. In fact, we have no slow orders on the rail system and our on-time performance in FY09 was 96.4 percent.

On-time performance slips to 94.1 percent when taking into account failures related to Amtrak infrastructure and equipment. The reason for this is simple. Amtrak, which owns the spine of our rail system, has been unable to provide the requisite funding to state of good repair in New Jersey because of historic, drastic underfunding.

On the other hand, New Jersey has consistently provided significant funding from its Transportation Trust Fund to NJ TRANSIT for capital expenditures. In fact,

Governor Corzine has allocated more than 40 percent of New Jersey's transportation capital funds to NJ TRANSIT. And these funds are matched 1 for 1 by Rail Modernization funds and Urbanized Area funds from the Federal Government. Since 2002, NJ TRANSIT's capital program has exceeded \$1 billion.

I am hopeful the trend of underfunding Amtrak will be reversed with the welcomed increases in capital funding through the American Recovery and Reinvestment Act and the FY10 Appropriations bills making their way through Congress.

With respect to our bus fleet, we have evaluated our bus needs and determined that with over 3,000 buses, we need to replace 200 to 250 buses a year, every year, just to maintain our current level of state of good repair.

We have teams of engineers, planners, operating personnel, and capital funding personnel who meet throughout the year to continually reprioritize capital projects as needed to address the most critical state-of-good-repair needs.

This comprehensive capital funding planning process has moderated operating cost increases. A continued focus by NJ TRANSIT on state of good repair will assure the reliability of our system for generations to come.

So where do we stand and what can Congress do to continue and bolster our efforts to maintain state of good repair?

First and foremost, I urge this Committee and Congress to increase funding for public transportation—through both the Rail Modernization formula (5309) and the Urbanized Area formula (5307). Costs continue to increase as aging systems expand to meet demand.

Thanks to Congress and President Obama, the American Recovery and Reinvestment Act has provided us the opportunity to accelerate additional state-of-good-repair projects. For instance, the Lower Hackensack bridge rehabilitation project—a \$30 million project, which had been scheduled to be funded in our out-year capital program, was advertised in June thanks to ARRA funding.

I will caution the Committee that there are some things Congress should carefully consider.

First, any kind of formula program that distributes money in such a way as to proportionately decrease funding to transit agencies that are in a state of good repair is problematic. I suggest any funding program specifically targeted to state of good repair should be incentive based.

For example, state-of-good-repair projects could be allowed to proceed with 100 percent Federal funds, instead of the normal 20 percent local match. Or, properties that are in a state of good repair could be eligible for increased New Starts share for expansion projects.

Another situation Congress should carefully consider is implementing any asset management system that prescribes which projects should advance ahead of others.

It would not be prudent for a Federal agency to determine which bridge should be fixed first, or which station should be replaced. Those decisions should be made by those closest to the infrastructure and equipment.

We made significant advances in state of good repair in New Jersey by making it our top priority and pushing the decisions on how to spend the state-of-good-repair money down to the engineers and maintenance staff who evaluate the infrastructure and equipment. I have concerns related to proposals that suggest all of the information about the infrastructure conditions of transit agencies should be collected on the Federal level, put into a database, where an algorithm would produce a list of what should be fixed.

Formula programs that distribute funding based on the condition of the infrastructure necessitate just such a system. Those decisions should be made locally, by those who have the expertise to make them and I urge this Committee to pursue funding formulas without strings attached that could supersede these decisions.

I want to reiterate that state of good repair has been NJ TRANSIT's top priority from its inception and I appreciate this Committee allocating valuable time and resources to considering strategies for maintaining the state of good repair of the Nation's transit agencies.

Thank you again for the opportunity to testify today.

PREPARED STATEMENT OF BEVERLY A. SCOTT, Ph.D.

GENERAL MANAGER AND CHIEF EXECUTIVE OFFICER,
METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

AUGUST 4, 2009

Chairman Menendez, thank you for this opportunity to present testimony to the Subcommittee on Housing, Transportation, and Community Development regarding rail modernization needs. You are holding this hearing at a critical time, as the transit industry looks forward to the next Surface Transportation Authorization at a time when annual ridership has reached record levels in the midst of a severe financial crisis. I understand that I have been invited to appear before you today primarily in my capacity as General Manager and Chief Executive Officer of the Metropolitan Atlanta Rapid Transit Authority (MARTA), while I also have the honor of serving as Chair of the American Public Transportation Association (APTA). I truly appreciate your interest in improving public transportation service in the United States, and I look forward to working with you in my dual capacity as this next authorization legislation moves forward.

About MARTA

The Metropolitan Atlanta Rapid Transit Authority (MARTA), the 9th largest transit system in the United States, provides comprehensive rail, bus, and paratransit service with over 143 million passenger trips per year. We are also one of a few Tier 1 transit systems designated by the Department of Homeland Security. The MARTA rail system provides revenue service over 48 miles of double-track to 38 stations with 338 rail cars, with a total of 104 miles of mainline track and three rail yards with 20 miles of yard track. We operate 600 clean fuel buses over 130 routes, and our MARTA Mobility (Paratransit) Program operates 175 lift-equipped paratransit vans serving persons with disabilities. We serve the core of one of the fastest growing regions in the Nation, expected to add three million more residents over the next 30 years. While Federal transportation investment has and remains critical to our transit system's preservation and expansion, we are primarily funded by a 1 percent sales tax levied in Fulton, DeKalb Counties, and the City of Atlanta.

MARTA began heavy rail service in June 1979, with our most recent rail extension coming on line in December 2000. MARTA's current infrastructure represents a \$6 billion-plus investment. Several suburban bus providers connect to the MARTA rail system which is the backbone of the regional transit network. While ridership has grown, the Region currently does not have the funding to expand service to accommodate rising demand.

As importantly, and most germane to the subject of this hearing, our system is equally constrained in its ability to adequately fund and support the sharply escalating infrastructure renovation, rehabilitation, replacement, and modernization needs of a "first generation, aging New Starts system." Candidly, not unlike the "baby boomers", MARTA is representative of a whole generation of rail transit systems in our country that have been established over the past 25-35 years, largely in high growth areas with significant continuing pressures for growth and expansion. From a physical infrastructure, asset management and people perspective, the challenges facing these transit systems are oftentimes monumental as they grapple with the very real issues of system maturation, system preservation and system expansion.

Not surprisingly, due to the recent economic downturn, there has been significant erosion in MARTA's capital program. Whereas, we had originally planned to invest \$359 million in capital improvements this fiscal year, our adopted FY10 capital plan is now only \$248 million. As previously noted, local sales tax revenue is our primary funding source, with approximately 15 percent of MARTA's current Capital Budget being federally funded. While our Region has adopted a progressive vision for transit expansion, known as Concept 3, which calls for major extensions to the MARTA rail system, we are still seeking to identify additional funding sources to be able to implement this Plan.

The Vital Federal Partnership

We are indeed grateful for the long-standing support of Congress and the Federal Transit Administration, which has made a substantial contribution to MARTA's success. The development of MARTA's rapid rail system was greatly aided by the Federal New Starts program, with initial construction beginning in 1975 and our first East Line rail segment opening for revenue service in 1979.

Most recently, passage of the American Recovery and Reinvestment Act (ARRA) has made a crucial difference in our agency's ability to survive the current economic recession. MARTA is receiving \$88 million in Economic Recovery funding, which we

are utilizing for our most critical needs—the Upgrade of our Fire Protection System, Replacement of Rolling Stock, and Preventive Maintenance.

Despite this timely infusion of capital, MARTA and public transportation agencies across our Nation still face monumental financial challenges. We will need your continued support and significantly expanded Federal transportation investment to help us maintain our transit systems in a state of good repair.

At this point, the results and costs of the decades of underinvestment in our surface transportation systems nationwide are well documented. As summarized most recently by the House Committee on Transportation and Infrastructure:

- the American Society of Civil Engineers grades our transit systems a “D”;
- over 32,500 public transit buses and vans have exceeded their useful service life;
- within the next 6 years, almost every transit vehicle (over 55,000) in rural America will need to be replaced; and
- the Nation’s largest public transit agencies face an \$80 billion maintenance backlog to bring their rail systems to a state of good repair.

And, this is just the tip of the iceberg.

State of Good Repair

First, I will start by stressing that the challenges confronting us in addressing the issue of “state of good repair” are industry-wide. Virtually every community and transit operator is grappling with this issue regardless of size or geography. And, it is my firm belief that significantly expanded Federal transportation investment coupled with real program restructuring, meaningful performance metrics, strong oversight, and incentives for self help are key elements of the prescription needed to help us move forward. Within this broader context, I would like to take just a few moments to talk a bit about the MARTA system which is characteristic of an important slice of transit systems in our industry, which I commonly refer to as the “aging, one generation New Starts transit systems.”

MARTA, which began rail operations 30 years ago, is no longer the “new kid on the block” and is now a mature transit system well into middle age. We, along with our sister agencies in Washington, DC, and the San Francisco Bay Area—which also began in the 1970s—and a number of other first and second generation transit systems in largely high growth areas of the country (like San Diego, Sacramento, Portland, Miami—to name a few) are sometimes referred to as the “Aging New Starts Systems.”

MARTA’s experience—as we begin our 2nd generation—is that while not a great deal of capital replacement may be needed in the first seven to 10 years of rail system operation, around that point many of the system infrastructure elements, seemingly all at once, begin to require recapitalization. For example, heavy rail cars, which have a 25 to 30 year minimum service life standard, should typically undergo a midlife overhaul around the 12 to 15-year mark. It goes without saying that deferring such reinvestment is extremely costly—in terms of both reliability and potentially, safety. While the focus on state of good repair is typically driven by a look at physical infrastructure, I would be remiss if I did not also stress the critical importance of the associated people and workforce development considerations that are also an important element of this topic.

As Congress considers the next surface transportation authorization, it is important that the needs of these first and second generation systems are adequately factored into the equation, including more equitable ways to allocate Rail Modernization funds. As importantly, funding flexibility and new initiatives in the area of workforce development would be very beneficial.

As our transit system continues to age, it has become increasingly challenging to maintain a state of good repair. The average age of our rail car fleet is over 20 years old, with our original fleet of 120 rail cars now reaching the 30-year mark. In addition to rolling stock, fixed facilities such as passenger stations, trackway and structures, and train control and signal systems are subject to deterioration over time and need to undergo capital rehabilitation and/or replacement at the requisite intervals. In 2000, MARTA conducted its first Asset Condition Assessment which projected a need for significant reinvestment to sustain the system in a state of good repair over the next 20 years. We completed a comprehensive life system safety assessment this past year; and are currently in the process of fully updating our Asset Condition Assessment. Moving forward, this information will form the basis for our capital program planning and development—with a first focus on safety/regulatory compliance and “state of good repair”—fix it first. This past year, the MARTA Board

of Directors codified this capital programming emphasis on safety/regulatory compliance and state of good repair.

Over the next 20 years, based on existing data—MARTA has a projected need of approximately \$5.2 billion in capital reinvestment in order to safely maintain our existing rail/bus system in a state of good repair. Under the existing Federal program structure, projected FTA funding, while very much appreciated, falls far short in addressing these needs. For example, while MARTA transports over 80 million passengers per year on our heavy rail system, the Authority is receiving less than \$37 million annually in FTA Rail Modernization program funding.

On the plus side, MARTA has recently completed an extensive multiyear rail car rehabilitation program, overhauling 218 of our oldest cars to extend each car's life by 15 years. The cost-effective program has already resulted in an increase in MARTA's rail service reliability by 22 percent and has also improved on-time performance substantially.

For a cost of \$246 million, MARTA contracted with New York based Alstom Transportation, Inc. USA, to take each vehicle down to its shell and rebuild it from the ground up using new components and designs. By refurbishing the rail cars instead of buying new ones at a price of \$3 million each, which was the average cost of a new rail car in 2005, MARTA saved an estimated \$408 million. Due to careful management of the rehabilitation contract, MARTA is completing the program approximately \$3 million under budget. To ensure the long-term sustainability of the rail car fleet into the future, MARTA has developed and implemented a comprehensive Life Cycle Asset Reliability Enhancement (L-CARE) preventive maintenance/system preservation program, which is designed to maintain the newly rehabilitated vehicles in a state of good repair.

The success of MARTA's rail car rehabilitation project highlights the criticality of "state of good repair" and system preservation to all rail transit systems. The MARTA project would not have been possible without the substantial financial support received through the FTA Fixed Guideway Modernization program, totaling \$167 million in Federal assistance over a multiyear period. The assurance of annual formula funding over the life of the project enabled MARTA to make a multiyear commitment to rehabilitate the rail cars. It is essential that the Fixed Guideway Modernization program be expanded in the future, with guaranteed minimum overall funding levels, to better address the full range of rail system rehabilitation needs.

The issues with regard to rail infrastructure investment are a national issue that is not confined to one group of rail transit systems or area of the country. There are absolutely staggering needs for many of our oldest rail transit systems that are well documented; growing needs for the next generation of aging systems ("the boomers")—like MARTA; and a whole host of newer systems that will also go through the same growth and maturation process. Simply, we need a level of surface transportation funding investment that helps us begin to gain ground on the tremendous backlog in state of good repair accompanied by programmatic, performance-driven reforms that support and recognize self-help, prudent decision-making and resource allocation.

Due to the recent financial crisis, the sales tax revenues that fund the majority of MARTA's Capital Budget have precipitously declined. This has unfortunately led to major cuts in our Capital Improvement Program (CIP), resulting in a \$1.4 billion reduction in our CIP over the upcoming 10-year period. Many worthy projects, such as rail station renovations, rail trackway structure/pier refurbishment, station roof replacement, and station escalator, plumbing and electrical systems replacement—are having to be either deferred or eliminated. The Authority is prioritizing the constrained resources available on Life Safety and State of Good Repair projects. MARTA will soon be issuing major third party contracts to replace and upgrade our Automated Train Control System and to replace the running rail on a significant portion of our trackway. Other worthy projects, however, such as replacement of leaky roofs at older rail stations, have to be deferred. While our rail rolling stock is now in very good condition, additional funding resources will be needed to maintain a state of good repair on our fixed infrastructure facilities.

We appreciate the FTA's recent initiatives focusing on the State of Good Repair (SOGR) in the transit industry. The FTA's Rail Modernization Report issued to Congress in April 2009, which focused on the needs of seven of the larger rail systems, was definitely a much needed report and a good beginning. We welcome and support FTA's interest in expanding this SOGR study to include other systems, such as MARTA's, which are also faced with similar challenges.

While it is not the immediate focus of this hearing, I would be remiss if I did not also mention that many of our Nation's bus systems also have significant state-of-good-repair needs. A recent APTA/AASHTO survey indicates that public transit sys-

tems nationwide have not been able to keep pace with investment needs for bus replacement in accordance with FTA guidelines. The survey found that, in total, 59 percent of the vehicles in our Nation's 40-foot urban bus fleet are overage, or will reach the end of their FTA-recommended service life during the next 6 years. There are also equally compelling needs for rural transit systems throughout the country.

The maintenance of transit capital assets to ensure a "state of good repair" is critical. Deteriorating systems simply do not attract new riders. Both the National Surface Transportation and Revenue Study Commission and the recent report of the National Surface Transportation Infrastructure Financing Commission have highlighted the growing gap between our infrastructure needs and our present level of investment. The Federal Government has a clear responsibility to help maintain infrastructure it has already spent considerable resources to build, and also to help expand that infrastructure to meet our Nation's critical transportation needs.

Proper asset management and proper maintenance today alleviates the need for much larger capital investments in the future. The ARRA provided a first step in addressing the backlog in system rehabilitation, but many systems across the country, including MARTA's, still face significant needs to maintain their existing public transportation assets. As we continue to maintain assets, we cannot ignore the equally challenging demand for new and improved services across the country where public transportation is not yet providing a level and quality of service that provides a real alternative.

Fixed Guideway Modernization funding allocation decisions should take into account transit industry service life standards and life cycle rehabilitation/replacement cycles. I would recommend the development of a national inventory of transit assets, a prioritization of needs and required communication to FTA on when those needs have been improved to a state of repair of fair or better.

There is a wave of rail transit systems that came on line in the 1980s that are now reaching the generational mark—San Diego, Baltimore, Los Angeles, Miami, Portland, and Sacramento, just to name a few—that are either at or nearing the stage where substantial reinvestment is necessary. Most of these "young adult" to "middle-aged" systems are located in areas of our Nation that are forecasted to experience significant population growth in the future. If these fixed guideway systems are not supported in a sustainable state of good repair, then their potential to maximize the previous investment will be compromised. It would not be prudent national policy to concentrate Federal modernization program funding solely on the older systems and allow the middle-aged systems to fall into a state of disrepair.

Mr. Chairman, when it comes down to it, the real issue before us all is one of investment. Each of the Commission reports contains strong recommendations to the Congress about the investment levels needed in the Nation's public transportation systems. APTA's estimate of the total annual resources necessary to maintain and improve our transit systems to address our growing population and economic needs is \$59.2 billion.

A Balanced Approach

When asked, which is more critical—system expansion or system preservation—my answer is both are equally important. While on the one hand, it makes no sense to expand while the system is crumbling, at the same time we cannot afford to sit still. Transit provides such a substantial contribution to our Nation's economic health and quality of life, that both are essential. A strong Federal-State-local partnership that provides a healthy balance of resources to both maintain and expand transit services is of vital importance to our Nation's economic, social and environmental well-being.

I urge the Subcommittee to strongly consider at least doubling the size of the Rail Modernization program over the next 6 years, based on the maxim that "a rising tide lifts all ships." The program should strike a balance between being "needs based," while also providing incentives for local and State investment as well. The formula should be fair and equitable, providing a reasonable opportunity for older, middle-aged, and newer systems to have adequate resources to sustain the previous investment in those systems.

I support APTA's proposal dealing with changes to the Fixed Guideway Modernization program, which essentially seeks to balance the needs of the old, middle-aged, and new systems. One concern I have with the existing Program structure is that the initial tiers, which are first in line to be funded, are weighted in favor of the older areas. This became particularly acute to us in Atlanta, when the Recovery Act funds for Fixed Guideway Infrastructure were allocated. Rather than receiving a proportionate share of the funding, reliance on the preexisting seven-tiered formula negatively impacted the funding allocated to MARTA.

It is thus important that the overall program funding level needs to be sufficiently high to fully encompass both Tier I (limited to existing systems) as well as Tier II, which would be open to all systems. We need to remember that the newer systems of today such as Phoenix will ultimately be facing similar challenges as systems such as Atlanta, Cleveland, Miami, and Washington, DC.

MARTA supports APTA's recommendation to simplify the fixed guideway modernization program. The viability of APTA's two-tiered proposal is predicated on the hoped-for assumptions that the program funding will double, and that the program is needs based and its elements would be straightforward and uncomplicated. The current seven tiers should be folded into a much simpler two-tier formula program, and the funds provided equitably to all projects, without regard to minimum urbanized area population levels. The key to this structure being fair and equitable is that the overall funding level should be sufficient to fill-up both Tier I and Tier II. Otherwise, the newer systems, which have to solely rely on Tier II for their funding, will be disadvantaged. I respectfully request that Members of the Subcommittee keep the legitimate needs of all fixed guideway systems in mind as you prepare to deal with this critical legislation.

Mr. Chairman, I would also like to take this opportunity to thank you for your leadership in sponsoring the "The Close the SILO/LILO Loophole Act" (S.1341). This vital piece of legislation would go a long way in protecting MARTA and other public entities from the risk of having to pay tens of millions of dollars to banks at a time when demand for transit services is at an all time high and transit agency budgets are strapped. The technicalities are complicated but the equities are clear. Congress cannot let banks gain windfalls via tax shelters at the expense of the Nation's transit agencies and other public agencies.

Conclusion

Funding for a state of good repair ensures that we maintain an efficient and sustainable means for Americans to get to work, reduce dependence on foreign oil, improve air quality and combat global climate change. The challenge we face in fulfilling that vision rests on our willingness as a Nation to commit adequate resources to the task and to provide a financing mechanism for these resources. Public transportation provides mobility that contributes to national goals and policies to increase global economic competitiveness, energy independence, environmental sustainability, congestion mitigation and emergency preparedness. However, to be truly successful, public transit must be in a state of good repair. To realize public transportation's many contributions at the national and local levels, and to facilitate a doubling of public transportation ridership over the next 20-year period and address the aforementioned national goals and policies, a significant expansion of the entire Federal Transit program—including the Fixed Guideway Modernization Program—needs to occur.

At a time that our systems are struggling to maintain a state of good repair in the face of declining state and local operating resources, we should not turn our back on the years of progress we have made in rebuilding a quality public transportation system. The Fixed Guideway Modernization program needs to substantially grow to address the state-of-good-repair needs of rail transit systems across our Nation. In considering the program structure, I would recommend a balanced needs-based approach, based on rational criteria, which is fair and equitable to all fixed guideway systems. The goal is to ensure all transit systems access to adequate capital funding while also simplifying the programs and speeding project delivery. In summary, I urge this Congress to provide the resources necessary to maintain a State of Good Repair among all of our Nation's rail systems—old, middle aged, and young. We need this Subcommittee's help to address this funding gap which threatens our ability to fulfill our mission.

Chairman Menendez, I thank you and the Subcommittee for allowing me to provide testimony on this critical issue.

**RESPONSES TO WRITTEN QUESTIONS OF CHAIRMAN
MENENDEZ FROM PETER M. ROGOFF**

Q.1. The April 2009 FTA Rail Modernization Report stated that “while total Federal support for transit infrastructure has increased, the Nation’s oldest and largest systems’ share of these funds has lost ground.” In that same report the FTA documented a \$50 billion backlog in projects needed to get the Nation’s oldest and largest transit systems into a state of good repair. Does this mean that the FTA recommends changing the Rail Modernization formula to provide more funding for the largest and oldest systems? If not, what other ways do you suggest securing Federal funding to meet these needs?

A.1. The Nation’s oldest and largest transit agencies carry 60 percent of total (bus and rail) ridership but receive only 40 percent of all Federal funding. As new systems are added, the Fixed Guideway Modernization Program is spread more thinly and the proportion of funds distributed to older rail systems has declined from over 90 percent in 1993 to less than 70 percent by 2006. However, maintaining these systems in a state of good repair does not necessarily require changing the fixed guideway modernization formula. Three things are required to maintain a state of good repair. The first is an adequate and reliable funding source. Several agencies have been successful in developing dedicated external funding sources, such as a sales tax or receipts from bridge tolls. The Denver Regional Transportation District is an example of an agency that manages this particularly well.

The second is a capital improvement plan linked to a good asset management system. The former allows you to anticipate long-term needs and the latter provides the data to manage short-term needs in a long-term context. The Massachusetts Bay Transportation Authority in Boston has a very good asset management system which has allowed them to focus its limited resources on its most critical reinvestment needs.

The third is a culture of strong management and focus on safety. When political expediency and growing demand tempt agencies to focus on system expansion at the expense of their existing infrastructure and equipment it is very hard to achieve a state of good repair. Transit agencies must make prudent choices which protects the public’s investment in public transportation and ensures its safe maintenance and operation.

Q.2. Within USDOT there is emergency funding available when natural disasters strike roads, highway and bridges. Is there a comparable source of funding when similar disasters strike transit systems? Should there be emergency spending power for the mass transit account?

A.2. No, the Federal Transit Administration (FTA) does not have a funding source expressly for the provision of transit assistance in the aftermath of natural or man-made disasters. In the General Accountability Office (GAO) report, *Emergency Transit Assistance—Federal Funding for Recent Disasters, and Options for the Future*, February 2008, GAO stated that “After the 2005 Gulf Coast Hurricanes, FEMA (Federal Emergency Management Agency) and FTA faced challenges that impeded both the timeliness and effectiveness

of their assistance to transit.” The report sites that “neither FEMA nor FTA had mechanisms to provide transit funding immediately after the disasters.”

GAO suggested an option is for “Congress to establish an emergency relief program for FTA, similar to the DOT program for highways, or expand the scope of the highway program to include transit.” Such a program could include “quick release” mechanism used to approve a release emergency highway funds within 1 to 2 days.

Q.3. Should transit agencies have to report to the FTA the state of repair of all its major equipment? My understanding right now is that just rail cars are reported.

A.3. Yes, FTA believes that transit agencies should report the state of repair of all its major equipment and fixed capital assets to its National Transit Database (NTD). Currently, FTA collects detailed condition information on all transit revenue vehicles, for both bus and rail modes, through the NTD. Inventories are also collected of other capital assets, including transit stations, maintenance facilities, and fixed guideway infrastructure, but these data do not include information on their condition or state of repair. Collecting additional information on the state of repair of these fixed capital assets would improve FTA’s long-term capability to make good estimates of capital investment needs for the Nation, and for regional and modal segments of the transit industry. If collected by FTA, these data would also become a public resource, available to individual transit systems and their stakeholders and would assist in creating a data-based foundation for improving capital asset management practices in the industry.

An enhancement to add data collection for fixed capital assets to the NTD has been explored and could be implemented if additional resources were made available. NTD funding comes from a line item in Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users that allocates \$3.5 million per year to the program. This amount has not increased since passage of that Act in August 2005 and inflation has limited what can be done with the current NTD budget.

**RESPONSES TO WRITTEN QUESTIONS OF CHAIRMAN
MENENDEZ FROM CAROLE L. BROWN**

Q.1. Do you believe the Rail Modernization formula should be changed? If so, how do you think it should be changed?

A.1. I was so pleased when you and 11 members of the Senate, including Chairman Menendez and Senators Bayh and Schumer, asked for a Federal Transit Administration report on the Nation’s rail modernization needs. The resulting FTA Rail Modernization Study Report to Congress found that fixed guideway funding is no longer being allocated solely to its intended recipients—rail transit systems—and that due to nonfixed guideway based entities such as high occupancy lanes, and bus lanes taking a share of the money, the intended recipients have seen their funding decline sharply. As a result, the seven largest rail transit systems, including CTA, New Jersey Transit, WMATA and the New York City MTA, carry 80 percent of the Nation’s rail riders but have witnessed their mainte-

nance backlog grow to a collective \$50 billion. The CTA share of this figure is over \$4 billion, which in real terms means that CTA rail track and rail cars have grown past their useful life, thereby leading to an increase in rail slow zones to ensure safety on the rail system.

CTA is in dire need of modernization. Your leadership in addressing this issue for Chicago and many of the other older rail cities would go a long way to rectify this problem. The FTA report provides a blueprint for modernizing the Nation's fixed guideway systems by simplifying the Fixed Guideway Modernization Program so that funds are allocated based on age, type of rail system, and maintenance needs of a transit system. Realignment of the program will likely lead to an increase in funds for true fixed guideway agencies such as CTA, New Jersey Transit, WMATA, and New York City MTA which means a faster, more efficient, and safer ride for our rail riders. I would ask that you and Members of the Committee consider the FTA recommendations as you deliberate the transportation authorization bill.

Q.2. During these difficult economic times, you are facing high ridership and continued capital and maintenance needs. Has the infusion of ARRA funds empowered you to undertake some projects which you would have otherwise put off? Could you describe how the everyday life of one of your typical customers has improved because of these added resources?

A.2. Thanks to leadership from you and your Congressional colleagues, CTA received a total of \$241 million in stimulus funds. CTA's unfunded capital need is so great that we were ready to proceed with contracts just 1 month after President Obama signed the American Reinvestment and Recovery Act. We proceeded with the purchase of 58 buses from New Flyer (a bus manufacturing plant located in Minnesota) and approved a \$56.6 million contract for renewal of approximately 36,000 feet of track in the Blue Line Dearborn subway. The 58 buses will replace older, less reliable buses that are costly to maintain. We expect all buses to be delivered and in revenue service by early September. The Blue Line Dearborn work is removing slow zones and preventing new slow zones from developing. The project will be completed by the end of this year. Our Blue Line project was the first major transit project to be paid for with ARRA funds. CTA would not have funded any of these projects with the ARRA funds. CTA is also using ARRA funds for:

- *Preventive Maintenance*—projects are fully spent and 100 percent complete—\$75.2M
- *Kedzie Garage HVAC Replacement*—target completion is November 1—\$5.5M
- *North Park Garage Oil/Water Separator*—Staff will recommend award of construction bid at August CTA Board—\$2.4M
- *Subway Escalators*—\$4.8M
- *Reconstruct Rail Stations*—\$14.4M
- *Cermak Station Rehabilitation*—\$12.5M
- *Belmont/Fullerton Canopy Extensions*—target completion date is December 2009—\$1.9M

These projects enhance the ridership experience for our customers by making the trips faster and more reliable, and they improve customer and employee facilities. And importantly in this economy, we estimate the stimulus funds will create over 1,500 jobs just through CTA projects.

**RESPONSES TO WRITTEN QUESTIONS OF CHAIRMAN
MENENDEZ FROM JOHN B. CATOE, JR.**

Q.1. Do you believe the Rail Modernization formula should be changed? If so, how do you think it should be changed?

A.1. Given the extensive capital needs of rail systems, particularly heavy rail systems, I believe that the first priority for the rail modernization program should be to increase the size of the program significantly to help rail systems meet those needs. Recognizing the desire among some in Congress and the industry to simplify the rail modernization formula, WMATA participated with other rail transit agencies in development of the simplified, two-tiered, needs-based rail modernization program proposed by the American Public Transportation Association last fall. I also want to bring to the Committee's attention a challenge associated with any needs-based formula, which is to ensure that needs are measured the same way across all transit agencies. Should Congress determine that changes to the rail modernization formula are desirable, I recommend that you also encourage the Federal Transit Administration to develop a methodology for capital reporting that will ensure consistency across agencies, as the FTA recommended in its recent Rail Modernization Study.

Q.2. During these difficult economic times, you are facing high ridership and continued capital and maintenance needs. Has the infusion of ARRA funds empowered you to undertake some projects which you would have otherwise put off? Could you describe how the everyday life of one of your typical customers has improved because of these added resources?

A.2. Yes, any capital investments we can make in our aging system help us to maintain our system in a state of good repair and conduct maintenance that might otherwise have been deferred. ARRA funding has allowed us to begin work on a long list of unfunded capital needs. We recently identified \$11 billion in such needs over the next 10 years, about two-thirds of which are focused on the safety and reliability of our system, and the remaining third on meeting growing ridership demand. We do not currently have funding in place to meet all of these needs.

The \$200 million of ARRA funding for WMATA is being primarily dedicated to:

- System infrastructure improvements
- Vehicle procurement
- Upgrades of maintenance facilities
- Procurement of heavy maintenance equipment
- Communications systems

All of WMATA's customers will see benefits from our ARRA-funded investments. Our new buses and paratransit vehicles will

provide them with a more comfortable ride. By reducing average fleet age, we will also be able to deliver more reliable service to them. Our rail customers will see notable improvement in the condition of station platforms and the overall condition of our oldest stations. Farecard transactions will be a faster and more efficient process for our customers due to expansion of the Metro Center Sales Office and upgrades to fare media vending machines throughout the rail system.

It should be noted that while some of the ARRA-funded investments will not be “visible” to the average customer, our customers will nevertheless experience improved service. Such behind-the-scenes investments in system monitoring and maintenance help reduce breakdowns and out-of-service time and include investments in heavy-duty equipment to complete rail maintenance and repairs more quickly; an enhanced bus maintenance monitoring system that alerts us to the need for repairs; and upgraded communications equipment in our new Operations Control Center and new kiosk and train control computers at various Metrorail stations.

**RESPONSES TO WRITTEN QUESTIONS OF CHAIRMAN
MENENDEZ FROM RICHARD R. SARLES**

Q.1. Do you believe the Rail Modernization formula should be changed? If so, how do you think it should be changed?

A.1. Per my testimony on August 4, 2009—the Rail Modernization program was created by Congress to provide funding for established transit agencies for the purposes of improving existing systems, including purchase and rehabilitation of rolling stock, track, structures, signals and communications, power equipment and substations, passenger stations and terminals, maintenance facilities, and core capacity expansion.

In short, the Rail Modernization program was created to assist in bringing my agency’s infrastructure and the infrastructure of all of the mature transit agencies across the country to a state of good repair.

When it comes to state of good repair, NJ TRANSIT is a success story. Our efforts and the Rail Modernization program has led the FTA to declare in May of this year that NJ TRANSIT’s capital program supports a state of good repair for the system. However, continuing this success will require renewal and enhancement of Federal funding. It also requires adequate funding to support routine maintenance to prevent premature degradation of equipment and infrastructure.

Any kind of formula program that distributes money in such a way as to proportionately decrease funding to transit agencies that are in a state of good repair is problematic.

We made significant advances in state of good repair in New Jersey by making it our top priority and pushing the decisions on how to spend the state-of-good-repair money down to the engineers and maintenance staff who evaluate the infrastructure and equipment. I have concerns related to proposals that suggest all of the information about the infrastructure conditions of transit agencies should be collected on the Federal level, put into a database, where an algorithm would produce a list of what should be fixed.

Formula programs that distribute funding based on the condition of the infrastructure necessitate just such a system. Those decisions should be made locally, by those who have the expertise to make them and I urge this Committee to pursue funding formulas without strings attached that could supersede these decisions.

Q.2. During these difficult economic times, you are facing high ridership and continued capital and maintenance needs. Has the infusion of ARRA funds empowered you to undertake some projects which you would have otherwise put off? Could you describe how the everyday life of one of your typical customers has improved because of these added resources?

A.2. Yes. ARRA funding has allowed us to advance to construction many projects that had been planned for many years. The \$8.7 billion Access to the Region's Core project, which involves the construction of a new trans-Hudson rail tunnel to Manhattan from New Jersey, has been in the planning stages for over 10 years. The ARRA funding allowed us to fund final design and begin construction on this project. Similarly, in South Jersey, since the opening of our River Line light rail system earlier this decade, there has been discussion of building a transfer station between the River Line and our existing Atlantic City rail line. Thanks to ARRA funding, that project will be under contract next month (October 2009). The estimated ridership is over 1,000 riders a day at this single station. These are just two of the 15 projects that NJ TRANSIT advanced through ARRA funding. Thanks to ARC, riders will have more transfer free rides to Manhattan. Thanks to the Pennsauken Transit Center in South Jersey, commuters will have options to take transit that they never had before.

We're also using ARRA funding to expand parking at stations so that commuters can more easily find a place to park without needing to park along city streets to get to the train station. We're making stations easier to access, so if you are a wheelchair-mobile commuter, you will be able to access more of the system for the first time thanks to ARRA. We're improving signaling on three lines to allow for more express trains and more capacity, which means faster trains and more of them for our customers. We're buying new paratransit buses and buses for rural areas to improve the reliability of transit services that so many depend on every day. And we're also accelerating our state-of-good-repair program, which means our system and our riders will be able to count on our transit system for years to come. ARRA transit projects in New Jersey will make a very real and lasting difference to improve the quality of life of the residents of New Jersey.

**RESPONSES TO WRITTEN QUESTIONS OF CHAIRMAN
MENENDEZ FROM BEVERLY A. SCOTT**

Q.1. Do you believe the Rail Modernization formula should be changed? If so, how do you think it should be changed?

A.1. Yes, the existing Fixed Guideway Modernization funds distribution formula should be changed. At the same time, I believe that it will be difficult to accomplish the substantive changes required in the current rail modernization program without a concur-

rent focus on addressing the well-documented magnitude of deferred maintenance (state of good repair) backlog. This would entail specific urgent funding directed to address this critical maintenance backlog with a priority on life safety systems.

With this preface, I personally feel that the existing rail modernization formula should be simplified and changed in a way that more equitably balances the needs and level of service of both older, middle-aged and newer rail transit systems and builds in future flexibility to address the maturation cycle of all transit systems. For starters, the current and overly complex seven tiers should be consolidated into two funding tiers. The first tier could essentially “hold harmless” the existing funding levels currently received by each system. I believe this “grandfathering” should not be in perpetuity (an “entitlement for life”) and should be reviewed at specified intervals (*i.e.*, 10 years). Assuming funding is provided to help address the critical maintenance backlog, any additional funding beyond the current FY2009 authorized level of \$1.67 billion could be distributed in a 2nd funding tier open to all systems in operation for at least 7 years. This Tier 2 funding should be distributed based on quantitative data that could be weighted to take into account the relative age of the fixed guideway segment(s) in operation. This could be based on similar data (a combination of vehicle revenue miles, fixed guideway directional route miles, and passenger miles), as now submitted to the FTA National Transit Database. I also believe that national funding should be tied to some criteria of local system funding support. Additionally, it is my belief that we need to strengthen the link between transit expansion funding approval and the effort demonstrated to maintain current assets. In the future, there should also be benchmarking and objective criteria to better enable the Congress and FTA to measure the program’s effectiveness in meeting its intended purpose.

Q.2. During these difficult economic times, you are facing high ridership and continued capital and maintenance needs. Has the infusion of ARRA funds empowered you to undertake some projects which you would have otherwise put off? Could you describe how the everyday life of one of your typical customers has improved because of these added resources?

A.2. The infusion of ARRA funds has made a crucial difference in both MARTA’s ability to continue to deliver basic levels of transit service to our customers, implement projects that represent critical investments in transportation infrastructure, and sustain jobs. MARTA has received a total of \$87.8 million in ARRA funds to date, of which \$45 million is being used to support ongoing preventive maintenance/operating costs. The most recent \$25 million in ARRA funds received has staved off harmful service cuts that would have had a severe negative impact on many of our riders. Fifty-four percent (54 percent) of our customers use MARTA service to go to work; and 46 percent report that, without MARTA, they do not have other travel options. Without these funds, our agency would have been forced to make drastic service cuts that would have severely impacted our customers and increased our already staggering regional unemployment rate, which is currently over 10 percent.

On the capital investment side, MARTA is using \$42 million of our ARRA funds for specific projects focused on the modernization of critical life safety systems and state of good repair needs. These high priority capital projects include the upgrade and replacement of our systemwide fire protection system, and the procurement of new alternative fuel buses to replace aging vehicles that have exceeded their useful life. While these high priority projects, due to their critical nature, would still have gone forward even in the absence of Recovery Act funding, MARTA's use of ARRA funds for these projects has freed up other resources for other needed projects, which otherwise would have been deferred.

Just this past week, we received notification of our receipt of a \$10.8 million TIGGER grant for clean technologies which we will use to install solar canopies over the bus parking at one of our facilities. This will be the largest photovoltaic installation in Georgia, and will result in an annual savings of \$160,000 in addition to significant clean air benefits.

I greatly appreciate this opportunity to provide the Committee with this information. Please let me know should you have any further questions or if I can provide you with any additional information.

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD



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2009

August 4, 2009

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The Honorable David Vitter
 Ranking Member
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Dear Chairman Menendez and Ranking Member Vitter:

Thank you for leadership in convening this hearing on "*Rail Modernization: Getting Transit Funding Back on Track*." As your committee begins to draft the next surface transportation authorization legislation, Bay Area Rapid Transit (BART) applauds the committee's focus on the mass transit needs in large metropolitan areas.

In the Bay Area, public transit plays a critical role in enhancing livability. BART, which serves four counties, carries over 350,000 people each weekday or more than 104 million passengers a year and continues to be a key component of the region's economic vitality, providing access to jobs, healthcare, and education. BART is also the key solution to alleviating the congestion that plagues our region while helping to reduce greenhouse gas emissions.

Additionally, BART faces the dual challenge of maintaining an aging system while addressing increased ridership and expanding capacity to meet new ridership demands. The top priority for BART continues to be shoring up its core systems and replacing an aging 700 rail car fleet. BART currently operates with the original rail cars the system started with 37 years ago, which have been retrofitted several times.

As your Committee is aware, the Federal Transit Administration's (FTA) recently released "Rail Modernization Study" which makes clear that a basic step of bringing the nation's largest transit systems up to a State-of-Good Repair (SGR) is essential to our national interest. BART respectfully requests your support for a federal transportation

structure in the upcoming authorization legislation that recognizes this important need to bring the nation's largest transit systems up to SGR.

We are hopeful that the Fixed Guideway Modernization Program, which has historically been under funded to address the nation's rail transit property needs, will be simplified and funded in ways that better address documented transit maintenance needs.

The FTA report estimates the backlog of SGR needs for the seven rail only transit systems studied to be \$50 billion. The total national backlog of SGR needs is estimated to be \$80 billion. This amount is only part of what is necessary to address the growing transit capital investment need among all transit operators.

In the Bay Area, transit agencies like BART have always been aggressive in seeking resources from state and local governments, as well as appealing directly to local voters for help. We will continue to utilize and pursue all available resources, however we also need assurance from our federal stakeholders that they will remain strong partners in support of major metro rail systems, like BART, that carry nearly 90 percent of the riders in this country.

As BART enters its fourth decade of service, we will require a stronger commitment from the federal government to meet the needs of our riders. While BART is encouraged by the bipartisan blueprint released by the House Transportation & Infrastructure Committee that outlines nearly \$100 billion for public transit, it is essential that the next authorization bill include a robust transit capital modernization program, building on the history of the Fixed Guideway Modernization program, to ensure that the growing needs of critical transit systems are met. If we do not bring BART and the other older urban transit systems up to a state of good repair, we risk driving citizens off the trains and buses and back onto the congested highways and streets.

Thank you for your consideration. We eagerly look forward to working with the Committee as you draft the surface transportation reauthorization bill.

Sincerely,



Thomas M. Blalock
President