

**IMPROVING AND REFORMING OUR NATION'S SUR-
FACE TRANSPORTATION PROGRAMS TO SUP-
PORT JOB CREATION AND THE ECONOMY**

JOINT FIELD HEARING

BEFORE THE

COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE

AND THE

COMMITTEE ON TRANSPORTATION AND
INFRASTRUCTURE
UNITED STATES HOUSE OF
REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

FEBRUARY 23, 2011

Serial No. 112-9

Printed for the use of the Senate Committee on Environment and Public Works
and the House of Representatives Committee on Transportation and Infra-
structure



Available via the World Wide Web: <http://www.fdsys.gpo.gov>

U.S. GOVERNMENT PRINTING OFFICE

85-228PDF

WASHINGTON : 2014

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION

BARBARA BOXER, California, *Chairman*

MAX BAUCUS, Montana	JAMES M. INHOFE, Oklahoma
THOMAS R. CARPER, Delaware	DAVID VITTER, Louisiana
FRANK R. LAUTENBERG, New Jersey	JOHN BARRASSO, Wyoming
BENJAMIN L. CARDIN, Maryland	JEFF SESSIONS, Alabama
BERNARD SANDERS, Vermont	MIKE CRAPO, Idaho
SHELDON WHITEHOUSE, Rhode Island	LAMAR ALEXANDER, Tennessee
TOM UDALL, New Mexico	MIKE JOHANNIS, Nebraska
JEFF MERKLEY, Oregon	JOHN BOOZMAN, Arkansas
KIRSTEN GILLIBRAND, New York	

BETTINA POIRIER, *Majority Staff Director and Chief Counsel*
RUTH VAN MARK, *Minority Staff Director*

C O N T E N T S

	Page
FEBRUARY 23, 2011	
Mica, Hon. John L., U.S. Representative from the State of Florida	1
Boxer, Hon. Barbara, U.S. Senator from the State of California	2
Napolitano, Hon. Grace F., U.S. Representative from the State of California ...	5
Hunter, Hon. Duncan, U.S. Representative from the State of California	5
Brown, Hon. Corrine, U.S. Representative from the State of Florida	6
Shuster, Hon. Bill, U.S. Representative from the Commonwealth of Pennsylvania	7
Richardson, Hon. Laura, U.S. Representative from the State of California	8
Harman, Hon. Jane, U.S. Representative from the State of California	9
Chu, Hon. Judy, U.S. Representative from the State of California	10
Waxman, Hon. Henry A., U.S. Representative from the State of California, prepared statement	113
WITNESSES	
Knabe, Hon. Don, chairman, Los Angeles Metropolitan Transportation Authority; and Los Angeles County Supervisor, 4th District, County of Los Angeles	13
Prepared statement	16
Villaraigosa, Hon. Antonio R., mayor, City of Los Angeles	20
Prepared statement	23
Czyzyk, Joseph A., chair, Los Angeles Area Chamber of Commerce	28
Prepared statement	30
Hunter, Robbie, council representative, Los Angeles/Orange Counties Building & Construction Trades Council	32
Prepared statement	34
McKim, Cindy, director, California Department of Transportation (CALTRANS)	36
Prepared statement	38
Phillips, Kathryn, director, California Transportation and Air Initiative, Environmental Defense Fund	43
Prepared statement	46
Kempton, Will, CEO, Orange County Transportation Authority	55
Prepared statement	57
Summary of Goals and Projects, December 20, 2010	63
Heminger, Steve, executive director, Metropolitan Transportation Commission	67
Prepared statement	69
Report of the National Surface Transportation Policy and Revenue Study Commission, January 2008	74
Mayer, Anne, executive director, Riverside County Transportation Commission	82
Prepared statement	84
Brochure, The 91 Project	88
Statements:	
Brummett, Ronald E., executive director, Kern Council of Governments ...	115
Pringle, Curt, chairman, California High-Speed Rail Authority	120
Pulaski, Art, executive secretary-treasurer, California Labor Federation ..	123
Knabe, Don, chairman, Metropolitan Transportation Authority	125
Leslie, Mary, president, Los Angeles Business Council	126
Hale, Debra L., executive director, Transportation Agency for Monterey County, CA; chair, American Public Works Association (APWA)	143

IV

	Page
—Continued	
Lowenthal, Bonnie, chair, Assembly Committee on Transportation	150
Rafter, Tracy, CEO, Rafter Group, Inc., Los Angeles County Business Federation (BizFed)	152
Foster, David, executive director, BlueGreen Alliances	155
Partners, BlueGreen Alliance	156
Mayer, Anne, executive director, Riverside County Transportation Commission (RCTC), articles	157–160
Krause, Daniel, executive director; Stern, Ryan, board member; Gimbel, Michael, member, Californians for High-Speed Rail	161
Ham, Robert E., director of Intergovernmental Relations, County of Imperial, CA	164
McKim, Cindy, director, Department of Transportation, State of California	165–175
Burns, Michael T., general manager, Santa Clara Valley Transportation Authority	176–189
Dillard, Joyce	190
Styers, Paul, Con-way Freight	193
Phillips, Kathryn, director, CA Transportation and Air Initiative, Environmental Defense Fund	194
Various transportation members and supporters, February 11, 2011	198–203
Okerblom, Eilene, Santa Maria, CA	204
Tietz, Tom, executive director, California Nevada Cement Association	206–208
Vandermost, Phil, vice president of Marketing & Government Relations (on behalf of FP ² , Inc.)	209
Lodge, Steve Chavez, director of Public Affairs, Hill International	213
Garcia, Rodrigo, vice president, Associated Professionals and Contractors (APAC); chairman of the board, Hispanic Engineers Business Corporation (HEBC)	214–216
Hubsmith, Deborah A., director, Safe Routes to School National Partnership	217
Mejia, Genaro, PE, American Society of Civil Engineers (ASCE)	219
Gosnell, Jim, executive director, West Coast Corridor Coalition	221
Fox, Andrew, P., mayor, City of Thousand Oaks, CA	223
Wang, Karin, vice president, Programs & Communications, Asian Pacific American Legal Center; Porchas, Francisca, lead organizer, Labor/Community Strategy Center and Bus Riders Union; Walton, Gloria, executive director, Strategic Concepts in Organizing & Policy Education (S.C.O.P.E.); Henderson, Wade, president and CEO; and Blackwell, Angela Glover, founder and CEO, PolicyLink	227
O'Sullivan, Terence M., general president, Laborers International Union of North America	233
Lantz, Alexis, planning and policy director, Los Angeles County Bicycle Coalition	237
Natural Resources Defense Council	240
Rothman, Roland (Rolly), Rothman Engineering, Inc., Professional Engineers in California Government	245
Cohen, Laura, western regional director, Rails-to-Trails Conservancy	249
Gallegos, Gary L., executive director, San Diego Association of Governments (SANDAG)	251
Kemp, Jim, executive director, Santa Barbara County Association of Governments (SBCAG)	260
Diaz, Cesar, legislative director, State Building and Construction Trades Council of California	262
Greenwald, Peter, senior policy advisor, South Coast Air Quality Management District	264
Mesnikoff, Ann, director, Green Transportation Campaign, Sierra Club	268
St. Amant, David, president and chief operating officer, Econolite Group, Inc.	272
The Labor/Community Strategy Center and the Bus Riders Union	275
Giuliano, Genevieve, Ph.D., vice president, Research Education and Training Reauthorization Coalition (RETRC)	279
Friedrich, Tami, board member, Citizens for Reliable and Safe Highways (CRASH) and California volunteer coordinator, Truck Safety Coalition ..	282
Knatz, Geraldine, executive director, The Port of Los Angeles	286

	Page
—Continued	
Lindsay, Betsy A., president/CEO, UltraSystems Environmental	295
Goldsmith, Russell, chairman, The Los Angeles Coalition	298
Spohn, Hon. Tim, city council member, City of Industry, California, and chairman, board of directors, Alameda Corridor-East Construction Au- thority	301

**IMPROVING AND REFORMING OUR NATION'S
SURFACE TRANSPORTATION PROGRAMS TO
SUPPORT JOB CREATION AND THE ECON-
OMY**

WEDNESDAY, FEBRUARY 23, 2011

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Los Angeles, CA.

The committees met, pursuant to notice, at 8.35 a.m. at the Brentwood Theater, 11301 Wilshire Boulevard, Hon. John L. Mica (chairman of the House, Committee on Transportation and Infrastructure) and Hon. Barbara Boxer (chairman of the Senate, Committee on Environment and Public Works) presiding.

Representatives present: Representatives Mica, Shuster, Brown, Napolitano, and Richardson.

Other Representatives present: Representatives Harman, Hunter, and Chu.

**OPENING STATEMENT OF HON. JOHN L. MICA, U.S.
REPRESENTATIVE FROM THE STATE OF FLORIDA**

Mr. MICA. Good morning. I would like to welcome you to a joint hearing today of the U.S. House of Representatives and the U.S. Senate. The committee in the House is the House Transportation and Infrastructure Committee; in the Senate, the Environment and Public Works Committee. This is a meeting of two full committees of Congress and a bicameral, bipartisan hearing.

So with that, I would like to welcome you, get everyone settled here, our witnesses, and Members of Congress.

I am Congressman John Mica and I chair the House Transportation and Infrastructure Committee.

There are a few more folks coming in here.

The purpose of today's hearing is to take testimony and listen to public comments relating to major transportation legislation, reauthorization that will be considered by both the House and Senate shortly.

Let me first say thank you so much to my co-partner in this endeavor. We both have important responsibilities and I have already had the pleasure of working with your U.S. Senator who chairs the counterpart committee in the U.S. Senate. She has been absolutely delightful to work with and most cooperative in this new enterprise of the House and Senate working in an unprecedented fashion. So

I thank her. I am pleased to be in her State. Let me yield to her first.

The order of business will be after hearing from your Senator and my co-partner, I will introduce the members for a brief opening statement that have joined us today, and Ms. Boxer will recognize the witnesses that we have before us.

So with that, thank you again for hosting us here today and for this unprecedented joint House/Senate hearing.

**STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR FROM
THE STATE OF CALIFORNIA**

Senator BOXER. Thank you so much, Chairman Mica. It is indeed a pleasure to welcome you to California. The chairman was saying he got stuck in some traffic since he has been here, and I said, welcome to California, to Los Angeles. That is why we are so happy to have you here. We did not set that up. We get this at every hour. The other day I said, well, why is it so crowded? It is 2 o'clock. We realized 2 o'clock, 3 o'clock, 1 o'clock—we have work to do when it comes to moving people efficiently. That is what, of course, brings us together.

I want to thank all the other Members of the House who are here. We are so thrilled to have you and all the witnesses. It is a wonderful witness list. It shows how unified we are on this issue of a robust transportation bill.

I know you are going to hear from Congresswoman Harman. This is maybe her last official bit of responsibility as she moves on to other challenges. But, Jane, I will miss you and I welcome you here today.

Although colleagues in Congress differ on some issues—I would say many—we all agree that we have to create more jobs. We have to accelerate our economic recovery. We believe—all of us coming from different parties and different places on the spectrum—that now is the time to roll up our sleeves and get to work on a transportation bill. The chairman and I agree it ought to be a 6-year bill.

Surface transportation improvements will definitely create jobs in the construction industry. Is Bettina here? Did we bring those signs with us? Do we have people to hold them up? Oh, OK.

I want to do something that is rather unusual. At one of our hearings in Washington, Mr. Chairman and members, we were told by one of the union representatives that we could fill 20 stadiums the size of the Cowboys stadium where the Super Bowl was played recently with unemployed workers for a total of nearly 2 million people. That created a very powerful image in my mind. So when you are all out there—I know it is sort of hard to do. If you could turn around and show the Members of Congress what you are showing the audience; 20 of these. Look at that. Each dot represents a human being. That is how many unemployed construction workers we have. In California, we have about 10 percent of those. So it is really a shocking thing, and we wanted you to see it.

Thank you, all of you, who helped with that.

One of the most effective and far-reaching ways to create jobs is to fix our Nation's outdated infrastructure, and we need to do it to remain a No. 1 economic power. Our transportation systems used to be the best in the world, but investments have not kept up with

the needs. We are falling behind. Again, we have to move people. We have to move goods.

Now, Mr. Chairman and members, I do not know if you are aware of this, but 45 percent of all containerized cargo destined for the continental U.S. passes through our ports here in California; 45 percent. That number is going up. Traffic through west coast ports alone is predicted to triple by 2035. Now, this means economic growth, and we are all for economic growth. But we have to be prepared for it, and we expect that freight handled by trucks is expected to double during that same period.

These delays have a ripple effect across our Nation, and we know that when the delivery of goods gets tied up, just like you, Mr. Chairman, get tied up in traffic and I do, this is an absolute cost of business and it is an absolute cost to our health because of congestion and all the things that we face. The time delays and the health problems that come from this are just unacceptable. We foul the air we breathe. We create safety concerns. The California Air Resources Board attributes 2,400 premature deaths to diesel emissions, and it estimates that the health costs of diesel emissions could be as high as \$200 billion by 2020.

So when you look at all these factors and you put them together, it says to me—and I hope it says to everybody here—we have to put aside lots of our differences and move forward. By reducing congestion, we are going to improve air quality and our public health. We are going to move traffic. We are going to help business, and it is going to be a very smart thing to do.

You may have heard that Chairman Mica and I decided to sit side by side at President Obama's State of the Union Address last month. The President was very happy to see us sitting together. This may not seem to be a big deal to any of you, but believe me, forever we have been sitting separate and apart, Republicans and Democrats. But we decided to try something different, and it was really good because we started to talk to each other. We had already met in my office. We are truly working together, and I am also working very closely with Senator Inhofe, my ranking member on the committee.

Now, I will tell you, last week we had an amazing hearing, Mr. Chairman. We had Chamber of Commerce President Tom Donohue sitting next to AFL-CIO President Richard Trumka, and they together sat side by side. Now, these are two guys who are on the opposite sides of so many issues and opposite sides of so many elections. They sat side by side with the same message. We have to have a robust transportation system if we are going to compete in the global economy.

In closing, I want to talk a little bit about why I am so thrilled that you are here, Mr. Chairman, with members of your committee and others, in Los Angeles. You are going to hear from people today who have come up with a tremendous way to leverage our funds, and that is the key. We all know what has happened to the Highway Trust Fund. We know how tough it is to keep the money flowing. So the notion of leverage is so important.

When the mayor and the supervisor came and with them all the labor and management all together, saying there is a way that we can take Los Angeles transportation initiative where people voted

to tax themselves—a sales tax—for specific projects, and if the Federal Government can step up to the plate and frontload those dollars, we can begin to move forward and complete all of these projects in 10 years rather than 30, put all those people to work, get lower prices because right now we know that you can get much better deals because of this. The sad truth is we are in this recession. The construction industry is down. When they came to me with this idea, I embraced it immediately because it was really a no-brainer. How smart is that?

So we are able to give Los Angeles in this first tranche of funding the ability to get a \$500 million loan, and the cost to the Federal Government is \$20 million. Now, why is it so cheap? Because there is an absolute stream of funding that we can count on at virtually no risk to taxpayers.

So we started looking at the TIFIA program. We used it. My idea going forward—and there are many ways you could do this, but I love the fact that TIFIA is already in the law and we can expand it and move forward with this as a model.

So I want to thank my friends in Los Angeles in local government because it is a brilliant idea. I really believe this. The chairman and I are already discussing how we can make this better.

So this is a joint hearing. By the way, this is a rare moment. We do not do this a lot. It indicates our shared view that there is an urgent need to improve the Nation's crumbling transportation systems to get our economy back on track. I am so delighted to be here today with my counterpart in the House, and I look forward to hearing from him and from everybody here. Thank you very much.

Mr. MICA. Thank you so much. Thank you again for your leadership in the Senate on this important issue.

I might add too that this is a series of hearings that we planned, and we are going across the country. We have been in Columbus, Ohio, Indianapolis, Chicago. We were up in Oregon, over in Vancouver, Washington, Fresno yesterday, here, again graciously hosted in a cooperative joint hearing with Senator Boxer. We leave today. We will be in Oklahoma, Tennessee, Arkansas, back in Florida. Then we have several more that we plan to finish.

The purpose of the hearings and the series of hearings is to solicit input from people who deal with the Federal Government on transportation issues and seek their recommendations. That is the reason we are here.

The first of the hearings we actually did in Beckley, WV, and Mr. Rahall, who is the ranking Democrat, the Democrat leader of the committee—in his hometown district. So we are trying to make this a truly bipartisan, bicameral effort.

Thank you again.

The order of business, as outlined, we will continue with.

First of all, I ask unanimous consent that members not on the committee be permitted to sit with the committee at today's hearing, offer testimony, and ask questions. Without objection, so ordered.

We are pleased today to have a very good turnout, some members of our committee and some from the area.

Let me take first the liberty of recognizing one of the individuals who is a great leader. I have been out in her area on another

project. But Grace Napolitano, Representative Napolitano. I will recognize each of the members for several minutes of commentary or opening statements. You are recognized.

**STATEMENT OF HON. GRACE F. NAPOLITANO, U.S.
REPRESENTATIVE FROM THE STATE OF CALIFORNIA**

Mrs. NAPOLITANO. Thank you, Mr. Chair. It is a great pleasure being here.

Talk about transportation. I left my house almost at quarter of 7 this morning, and I got here late. So you understand the issue that we have is very, very pronounced.

Part of what we deal with in our area, Mr. Chair and Honorable Senator, is that we do not have enough mass transportation for the working class in my area. You understand that when you see people that are driving more and more cars because they have to get to work or they have to get where they have to go.

Being on this committee now for 12 years—well, for almost 3 years now—has been a great opportunity for us to be able to see the inner workings, how do we work with the local entities. We worked with Mr. Kempton, Mr. Knabe, and sometimes Mayor Villaraigosa to find out how can we be more effective in getting the funds to do the projects like the expansion of Santa Ana Freeway which is a three-lane. It is called the biggest parking lot in the sky. It just creates a lot of environmental problems for the communities.

So there are many, many areas that we want to ensure, like the movement of freight to the rest of the Nation that comes out of the ports, 40–45 percent of the Nation's goods. Those are the issues that we face at least in my area. I can tell you that I see some of my adjoining members that also face these challenges.

So I look forward to hearing some of the input, and thank you again for being so generous and coming to our area. I just wish it had been a little closer to my house.

[Laughter.]

Mr. MICA. Thank you.

Let me recognize another Californian who is a member of our committee, new on the committee, but we are pleased to have him, Duncan Hunter, the gentleman from California.

**STATEMENT OF HON. DUNCAN HUNTER, U.S.
REPRESENTATIVE FROM THE STATE OF CALIFORNIA**

Mr. Duncan HUNTER. Thank you. Mr. Chairman, Chairman Boxer, great to be here.

This is my first year on this committee. I got on it for two reasons because I am from San Diego and there are two things that we really care about. That is infrastructure and water. I think those are two very important things that San Diego shares with L.A. Water infrastructure. People want to have clean drinking water, and they want it cheap. They also want to not be in traffic all day long every day like we see here in Los Angeles.

We also have an opportunity, I think, to expand the maritime shipping lane, shipping things from San Diego, for instance, all the way up to Washington State, relieving congestion on the roadway and actually shipping goods north along the coastline.

It is just great to be here.

What we need to learn how to do is obviously leverage private dollars with public dollars. The furthest down that we can push projects so that you are able to leverage them locally, that is what is important and that is the way that we are able to make sure that these projects are efficient and effective and that they do not waste money because they have oversight by people who actually have jobs on the line, and that is private industry for the most part.

So it is great to be here. Thank you for having me and I look forward to the testimony.

Mr. MICA. Thank you so much.

Now let me yield to the gentlelady from Florida. She is the immediate past chair of the Rail Subcommittee and current ranking member of that subcommittee in the House.

Ms. Brown.

**STATEMENT OF HON. CORRINE BROWN, U.S.
REPRESENTATIVE FROM THE STATE OF FLORIDA**

Ms. BROWN. Thank you, Chairman Mica and Chairwoman Boxer, for holding this hearing today.

I also want to say that one date that you all had—me and Mr. Mica talked about that during the opening of the session. I made it quite clear that one date don't constitute a marriage, but it seems like we are moving along in the right direction.

[Laughter.]

Ms. BROWN. I am really happy about that.

Senator BOXER. I will be sure and tell my husband you are not threatening.

Mr. MICA. I will tell Pat too. The bed is already crowded.

[Laughter.]

Ms. BROWN. Let me just move on. I want to thank Los Angeles for hosting this hearing—the mayor. I think Los Angeles is a perfect place to have this hearing because you all have every mode of transportation, and without the port in Long Beach and the port in L.A., the United States would not have the goods and services they need.

I arrived last night and I was in traffic for over an hour just going from a short distance. So I understand the real challenges that we face in this area.

I also understand that one additional lane will not help us. We have to come up with ways to move people, goods and services.

When I travel around the world, they always ask us about our freight rail. You all have done some very innovative things here with the port. I am always asking them about their high-speed rail.

I have to tell you that it is very painful for me to be here today because in the next couple of days you all will probably benefit from the hard work that we have, and we will lose our money for high-speed rail and you will probably receive it. I am so distressed. But I know that you will leverage it and you know that for every billion dollars that you receive, it will generate 44,000 permanent jobs. So you will be able to put some of those construction people to work that my Florida with our Governor—no vision, no leadership.

I want to thank you all for having us here, and I am going to leave as quickly as I can.

Senator BOXER. Could you tell us what you really think?

[Laughter.]

Ms. BROWN. I yield back the balance of my time.

Mr. MICA. Well, we can clean the record up a little.

[Laughter.]

Mr. MICA. Do not forget we have to go back there, Corrine.

Let me yield at this time to the gentleman from Pennsylvania. He currently chairs the Rail Subcommittee in the Transportation and Infrastructure Committee of the House.

Mr. Shuster.

**STATEMENT OF HON. BILL SHUSTER, U.S. REPRESENTATIVE
FROM THE COMMONWEALTH OF PENNSYLVANIA**

Mr. SHUSTER. Thank you, Chairman Mica and Chairman Boxer, for having us to California.

I hail from Pennsylvania, rural Pennsylvania. People ask why do you come to these big cities when you do not have the kind of problems that Los Angeles and New York and other places face. But people sometimes fail to realize that what happens in the Port of Los Angeles and the Port of Long Beach affects us east of the Mississippi. I think the number is about a third of what comes into the Ports of Los Angeles and Long Beach go east of the Mississippi, end up in Pennsylvania in some of our stores. So the movement of goods, movement of people affects the entire Nation. So that is why I am here. That is why I am on this committee, to try to improve transportation and the infrastructure for all Americans because it does affect us.

Today I look out here. I know everybody here used a mode of transportation or used the system today to get to where we are. But even at home a housewife sitting at home feeding her children, when she goes to get that milk out of the refrigerator, it came from a farm. It went to the grocery store. It got to the house. So every day we are affected by the transportation system, and we need to make sure that we are improving it.

I applaud Chairman Mica for this tour. We have been together now for 5 days in about six or seven cities—I have lost count—but going around the country, hearing the problems, and making sure people understand that we are going to have to do more with less. The dollars just are not there. But I think what we have heard across this country, as we have traveled, is that we can do things differently to speed up the process, and when you save time, time is money. When we look at the way that some of the States are able to use their dollars and use those dollars five and six times as much, as opposed to when the Federal Government gets involved, we have to streamline the process. It was mentioned by Senator Boxer to leverage our dollars with Federal dollars, State dollars and private dollars. That is extremely important for us to do and streamline the process.

So I appreciate you folks being here today in our panels. I am looking forward to hearing what they have to say. We will go back to Washington and try to make this thing work better for all Americans. Thank you.

Mr. MICA. I thank the gentleman.

Let me yield to another Californian and a very distinguished member of our committee. She was with us yesterday in Fresno, so her second California hearing. Laura Richardson, Ms. Richardson, you are recognized.

**STATEMENT OF HON. LAURA RICHARDSON, U.S.
REPRESENTATIVE FROM THE STATE OF CALIFORNIA**

Ms. RICHARDSON. Thank you very much. Madam Chairwoman, Senator Boxer, and Mr. Chairman Mica, first of all I want to say a special thank you for you coming to Los Angeles. You could have gone to any cities in this State, but the fact that you chose to come here—we appreciate it and the leadership that you have shown.

I happen to be one of only two Democrats on the Transportation Committee that actually represents Southern California with Congresswoman Napolitano. So we have a tremendous responsibility not only as Democrats but I believe we are the only two members in Southern California who are actually on the committee as well. So we have a heavy lift, and we look forward to all of your comments today.

Yesterday, as Chairman Mica said, in Fresno we got an earful. We heard concerns about NEPA and CECWO, which I worked on legislation on and look forward to working with the chairman and the chairwoman on.

We also heard about utilizing funds, HMT, which have just been wasted and not been fully utilized.

Then finally, having a national goods movement strategy, which has really been a lifelong effort on my part that we have devoted legislation on as well.

Today, I look forward to hearing from our witnesses, all of your concerns. Mayor Villaraigosa and County Supervisor Knabe, you have been to us and you have talked about the 30/10, and I think to hear it firsthand with these two very important chairwoman and chairman is going to be critical to our success.

To Mr. Kempton, you know I view you as the guru of the State of transportation that we can all learn from. So I look forward to your comments.

Then finally, our new chair of the L.A. Chamber who happens to be a businessman in my district of general aviation—I look forward to hearing from all of you.

So as I conclude, I just want to say that this bill is a bipartisan bill. It is a bicameral bill. We are here because we want to get it done and we want to get these roads and bridges and things taken care of.

Finally, to my colleague in Florida, Congresswoman Madam Ranking Member Brown, we accept transplants from Florida anytime. So you are welcome here.

[Laughter.]

Ms. RICHARDSON. Thank you, Mr. Chairman.

Mr. MICA. Well, thank you so much, Ms. Richardson.

Now, while she is not on the committee, it is someone I have the greatest respect for. We came early together to Congress, and she is leaving now. She will provide great leadership where she is destined to go now, but I will tell you, you could not have a finer Rep-

representative in Congress, more intelligent, determined, and someone who has contributed so much. She is the ranking member of the Homeland Security Subcommittee on Intelligence and serves on Energy and Commerce. But I am just delighted.

Did you not say, Ms. Boxer, that this may be her last hearing?
Senator BOXER. Official.

Mr. MICA. Official hearing. I salute you, Jane Harman, and recognize you.

[Applause.]

Mr. MICA. Jane.

**STATEMENT OF HON. JANE HARMAN, U.S. REPRESENTATIVE
FROM THE STATE OF CALIFORNIA**

Ms. HARMAN. Thank you all. This is true, that this is my last congressional hearing, and I have to say that participating in the first bipartisan, bicameral hearing in Los Angeles is the best going-away present anyone could give me. Chairman Boxer and Chairman Mica are the mass transit dream team, and I predict that they will finally bring the Green Line to LAX.

[Applause.]

Ms. HARMAN. In 2 minutes, let me just make a few points.

First, the 30/10 initiative is a brilliant idea. Our mayor and his team deserve enormous credit for conceptualizing it. With unemployment in the area's construction trades at almost 40 percent, this plan can create 165,000 jobs in Los Angeles starting now.

But it is not just about Los Angeles. This initiative has the power to transform infrastructure financing throughout the Nation, creating a million jobs, good, high-paying, much-needed construction jobs.

Second, the Government should not do this alone. We all understand why printing more money and increasing the deficit are dangerous. So what the Federal Government can do, should do is help bring private money to the table. Public/private partnerships, so-called P3's, are the way to bring about innovative financing. I have discussed this with Transportation Secretary Ray LaHood in many meetings that I have had with him, and he and his team are actively pursuing it. He and others tell me that Los Angeles can be the template for the Nation.

There are several ways that this can happen. One is through TIFIA grants. These grants were inspired by the successful public/private partnership of California's Alameda corridor. I applaud Chairman Boxer and Chairman Mica for your willingness to explore expanding and adapting TIFIA. In my view, TIFIA should be amended to make private capital investment easier.

There are also bond programs that could interest investors. For instance, QTIP allows program financing to come directly from private sources. The Federal Government's role is then to provide a tax credit for all or a portion of the interest on these bonds. I have heard that QTIP may be dead but wonder if this private capital feature is well enough understood. This gets me to my third point.

Let us get U.S. banks and investors involved in these projects. Foreign banks often play a major role in public/private partnerships, but there is no reason that domestic banks should not play

a major role. I know that some are interested. Let us get them involved.

Finally, in closing, I believe no jobs program pending in Congress is more important than making this innovative financing a reality, and I hope that my successor, whoever she or he or may be, is listening.

Senator Boxer, thanks for your personal comments and to you, Congressman Mica, as well. I depart Congress on Monday knowing that this issue is in good hands.

Mayor Villaraigosa, supervisor, and MTA Chair Don Knabe, our local congressional delegation, including hopefully my State of the Union date, David Dreier, Denny Zane, Maria Elena Derazo, and many others have put together an incredible local coalition here in Los Angeles. Working together on a bipartisan, bicameral basis, it is sure clear to me that, yes, we can.

[Applause.]

Mr. MICA. Thank you so much again for your comments and for your service. We are truly going to miss you come Monday.

Let me introduce another Californian who is not on the committee but has taken time to be with us. She serves on the Judiciary and Small Business Committee, the gentlelady from California, Ms. Chu. Welcome, and you are recognized.

STATEMENT OF HON. JUDY CHU, U.S. REPRESENTATIVE FROM THE STATE OF CALIFORNIA

Ms. CHU. Thank you so much, Senator Boxer and Chairman Mica, for holding this very important hearing here in Los Angeles and for inviting me to attend. Although I am not a member of the Transportation Committee, transportation is one of my highest priorities.

I truly believe it is one of the highest priorities for my constituents on the entire Southland. It is so important that here in November 2008 Angelinos overwhelmingly passed Measure R. Can you imagine during a recession residents agreed to tax themselves more?

Clearly we here in L.A. recognize the need for better, more efficient transportation in the county's largest area. Measure R will raise \$35 billion and help complete 12 different transit projects connecting millions across this county. Our region desperately needs this investment. I am so proud that Angelinos are ready and willing to pay for it.

But it is important for the Federal Government to recognize all the work we are putting into building a truly 21st century transportation system for the Nation's most congested county. For decades, the Federal Government acknowledged the need for public transit investment, but current policy only requires the projects to put up a 20 percent local match, and that does not take into account any previous local investments made in the transit line. Areas that offered a greater match or have invested more heavily in the system received no reward for that work, and I think that is really a mistake.

Rewarding local investment would help projects like the Gold Line Foothill extension which I understand Chairman Mica personally visited with Chairman Dreier just a few months ago. The coun-

ty has invested \$1.5 billion in building the first two phases of the project which will have created 14,000 jobs. After that, we will need a fraction of that amount to complete a line that goes from downtown L.A. all the way out to the county line.

But the 30/10 plan is truly important. Thanks to Mayor Villaraigosa and Chairman Knabe, this is a great plan that will allow us to complete 12 Measure R transit projects in 10 years instead of 30. It will allow L.A. to leverage our local dollars and speed up our construction by decades. With the Federal Government's help to augment this serious investment in local transportation, we can create over 915,000 private sector jobs in just a decade.

Hopefully, we can come away from today's hearing with one thought, that we can make our Federal dollars stretch further. That is why the new authorization bill should recognize and reward dedicated local investments like Measure R and help us build projects like the Gold Line and complete the 30/10 Plan. With the Federal Government's help, we will create jobs, reduce construction costs, relieve traffic congestion, and eliminate hundreds of thousands of pounds of pollution every year. This type of reform will encourage other areas to follow our footsteps. When local communities raise their own money, the Nation and the taxpayers truly get the most bang for the buck.

So I thank you for allowing me here today and I look forward to the testimony.

Mr. MICA. Well, thank you.

I think that concludes our members.

Let me just make a couple of quick comments. First of all, I thank again Senator Boxer for helping assemble the witnesses and other members who have asked witnesses to come forward. We have a pretty extensive two panels here. We are pleased to have you.

In the previous hearings that we have held, I have asked that individuals not read a written statement, but rather offer to us the provisions they would like to see in or out of the law and the legislation that we will be drafting.

When we leave here, on the House side—and Senator Boxer has talked about what they are going to do on the Senate side—we are going to draft legislation that will determine some of the important components of, again, how our policy is set forth for, hopefully, the next 6 years. Foremost in that, of course, is the financing. If we had all the money in the world, we would not have a problem. We probably would not even be here. But we do not and we are in some tough economic times.

So we have to do a couple of things: first of all, stabilize the trust fund. I do not know exactly how we will do that, but it has to be done. The second thing is there is a great deal of money not going out that is in different accounts. Governor McDonnell of Virginia came in and found \$1.5 billion. We need to find every dollar available for infrastructure and good projects and get it moving. If it is anywhere in the system or has not been expended, that is another source of funds.

The other thing is there are programs that now work, some of them well, some of them not well. The Senator and I have already

discussed TIFIA. I think Mr. Inhofe and others, Mr. Duncan—if we have programs like TIFIA that work, maybe we can even make them work better. So we want ideas specifically on how we can do these things.

People ask for more money or raising taxes. In the rail realm that Mr. Shuster and Ms. Brown have a say over, we have \$35 billion in a RIF account, sitting in a RIF account not being used—Railroad Infrastructure Financing. So looking at programs that we have now, I need your suggestions how to make that work, if it is a good program, make it work better, and if it does not work, make it work.

So financing is a key. Ms. Harman just spoke to public/private partnerships. If we define those, give us the definition of what we should have in the law that would make the best possible relationship, not to give the store away to the private sector or some corporation, protect the public interest, but to make that work. If we are going to do infrastructure banking, GARVEE bonds, revise Build America, whatever it takes, we need those suggestions and we need them post haste.

The other thing I will close with is the process. We have heard it over and over—and I hear it in Washington. We just heard it on the road. Projects that should take months are taking years. The Federal Government gets involved and the timeframe goes up dramatically.

Then the other problem we have is the cost escalates, not to mention that the problem you also have with these mega-projects is that the players change. We have a game-changing situation in Florida right now with a new Governor. This would have been a done deal, but now we are into our third or fourth Governor. Governor Bush worked with previous Governors on some things. You had Schwarzenegger who was a very strong proponent of transportation infrastructure initiatives. So we have to compress that time also, consolidate some of the programs that we have.

So those are my points.

I am pleased to be here. I have a great partner to work with. Ms. Boxer has already reached out in an unprecedented fashion, and that is why we are here today.

So with that, let me yield the chair to her to take the balance of the meeting, recognize our witnesses, and thank her again and your staff. Everyone has been just great in helping us put this together. Thank you.

Senator BOXER [presiding]. Well, Mr. Chairman, thank you again for your generous remarks. I do want to thank staff, your staff and mine. They are phenomenal. These things look easy when they come together, but there are so many parts to the puzzle.

So we are going to get right to our witness list. We have nine witnesses. It is a bipartisan witness list. It is business and labor sitting next to each other. This is all good for the message we want to send out of today's hearing.

So I would ask unanimous consent that our witnesses' full statements be included in the record. Is there objection?

[No response.]

Senator BOXER. Hearing none, that will be the case. We do run a quick meeting here.

[Laughter.]

Senator BOXER. I would also say you can read your statement or not read your statement, but the bottom line to us is you give us great ideas. I mean, 30/10 came from you. So if you have any more like that up your sleeve, this is the moment to tell us.

So we are going to start. At the request of the mayor, we are going to call first on Hon. Don Knabe, chairman, Los Angeles County Metropolitan Transportation Authority and Los Angeles county supervisor of the 4th District, County of Los Angeles. As a former county supervisor, you do us proud. So welcome, Mr. Supervisor, and please begin.

STATEMENT OF HON. DON KNABE, CHAIRMAN, LOS ANGELES METROPOLITAN TRANSPORTATION AUTHORITY; AND LOS ANGELES COUNTY SUPERVISOR, 4TH DISTRICT, COUNTY OF LOS ANGELES

Mr. KNABE. Good morning, Chairwoman Boxer and Chairman Mica. It is my privilege to welcome you to Los Angeles County, the largest county in the United States of America. We are honored to have you here in this historic bipartisan effort of transportation infrastructure.

So I would just like to outline a few things on our perspective as it relates to the next surface transportation bill.

But before I do that, just sort of a brief idea of why there is congestion at 2 o'clock in the afternoon and 3 o'clock of the organization that I am honored to serve as chairman. We are the third largest public transportation agency in the United States. We are responsible for all transportation planning, coordination, design, construction, operations, bus, subway, light rail, bus rapid transit, and the services for all of our 10 million residents here in Los Angeles County in the 4,000 square miles. We partner with Caltrans and Metrolink to support a very extensive HOV and commuter rail network. We are also undertaking major improvements to our region's highway system. We are a very important part of the Nation's goods movement, as you know, and in my own district, I have the Ports of L.A. and Long Beach, as well as the Los Angeles International Airport. Our Metro service is about 1,500 square miles of service. Over 200 bus routes, 75 miles of rail lines, over 400 miles of carpool lanes that crisscross this great county. We have over 9,000 dedicated employees and an annual budget that exceeds \$3.5 billion.

But as it relates to policy issues, I think—the mayor and I were sort of commenting that our testimony might be redundant because we have heard some very positive things from the members that they were talking about.

First of all, we need to recognize the importance of non-Federal investments in transportation. That is State, local, and private. Every time we go to Washington, the Feds tell us to come back with a revenue source. Well, the voters of this county, Los Angeles County, have responded three times in the last 3 decades to tax themselves for transportation improvements, and these three taxes, taken together, amount to about \$1.5 billion annually. To date, the Federal Government has really largely turned a blind eye to the local leadership shown by this agency and local taxpayers, along

with others like us across the Nation. The current surface transportation program neither recognizes nor rewards this kind of priority policy or incentivizes other metropolitan areas to do the same thing.

We worked very hard to put this program together. We have been advancing, and we would like to continue to suggest two very innovative financial concepts that would really help leverage local transportation. We call them “smart Federal dollars,” and we say smart Federal dollars because these funds coming in an era of a financially stressed Highway Trust Fund, as has been mentioned already this morning, make the most of existing dollars.

We strongly believe that the smart, targeted, and innovative financing mechanisms can achieve two national priorities: minimize the impacts on the Federal budget and maximize the generation of new private sector jobs, particularly in the small business sector and particularly here in Los Angeles County where we have an unemployment rate of close to 12.7 percent.

A new Federal approach to financing, if it is incorporated in the next surface transportation bill, will leverage projects at the State and local levels that can achieve these priorities. Our two priorities would be one that we have been talking to all of you about. It is one of qualified transportation improvement bonds and, two, the enhanced Transportation Infrastructure Financing and Innovation Act program, TIFIA, which we have outlined in greater detail. I will not bore you with all the details in our written testimony. We believe this is a very sound approach, and the fundamentals of this proposal offer a very reasonable and prudent path for Federal policymakers who like all of us and all of you are struggling to craft a strong and meaningful surface transportation bill in a very demanding fiscal environment.

It is very difficult to outsource a construction job or a transportation project here in America. Whether that project is a light or heavy rail project in Southern California or a highway improvement in Montana, the Federal Government’s investment in transportation projects is an investment in America.

So taken together, these proposals really, I think, hold the promise of reinvigorating our Nation’s infrastructure, creating close to over 900,000 jobs nationwide without burdening the Federal Government with a very large bill.

As you prepare to craft this new surface transportation bill and reform what needs to be reformed, we truly believe that both the House and Senate be mindful not to discard programs with a proven track record, programs such as the New Starts program have assisted many jurisdictions like Los Angeles County to address congestion and environmental problems while demanding a very significant non-Federal investment. If you are looking for a model in the future, we believe this is it. We should not be talking of eliminating this program. We should be discussing creative ways to expand its approach and how that can serve as a model for other parts of the Federal program, and we are a willing partner in that. We need to use the power of the Federal Government to help leverage Federal and non-Federal sources of money.

I need to make it clear. I am not saying that we need a new Federal program for loaning money or a new Federal infrastructure

bank. We here in Los Angeles County just do not need the Federal bureaucracy picking winners and losers. That just does not work for anyone. We need flexibility. We need self-determination and the power to access federally subsidized financing to make these projects possible.

Last, I want to make sure I say this. Our strong and sustained support for leveraging local dollars does not in any way mean that we want to diminish existing Federal assistance. You have been a good partner. We continue to want to work with you.

We appreciate the opportunity to be a part of this very historic joint hearing and thank you for your time and attention.

[The prepared statement of Mr. Knabe follows:]

**Testimony of
The Honorable Don Knabe
Chairman
Los Angeles County Metropolitan Transportation Authority
Joint Hearing Of The
U.S. Senate Committee on Environment and Public Works
U.S. House Committee on Transportation & Infrastructure
*“Improving and Reforming our Nation’s Surface Transportation Programs
To Support Job Creation and the Economy.”*
February 23, 2011**

Good morning Chairman Boxer and Chairman Mica.

On behalf of the Los Angeles County Metropolitan Transportation Authority (Metro), I appreciate the opportunity to join you today at this historic hearing to outline our agency’s perspective on our nation’s next surface transportation bill.

Before delivering my testimony, allow me to very briefly describe the agency for which I serve as Chairman. Metro is the third largest public transportation agency in the United States. We are responsible for transportation planning, coordination, design, construction and operation of bus, subway, light rail and Bus Rapid Transit (BRT) services for the 10 million residents of Los Angeles County. We are also partners with Caltrans and Metrolink and Metro helps to support an extensive HOV and commuter rail network. We are also undertaking major improvements to our region’s highway system. Our highways form the backbone of our economy and are an important part of the nation’s goods movement system. Metro also funds street construction, bike paths, manages the freeway service patrol, among a number of other projects and services. Metro serves a 1,433 square mile service area with approximately 200 bus routes, over 75 miles of rail lines, and over 400 miles of carpool lanes that crisscross Los Angeles County. We have over 9,000 dedicated employees and an annual budget that exceeds \$3.5 billion.

Today we are at an important crossroads on federal transportation policy. The solutions designed more than 60 years ago are no longer sufficient to meet our needs. The federal program for surface transportation funding no longer works to solve the many transportation challenges we face as a nation and no other region demonstrates that as well as the Los Angeles metropolitan area. The bottom line is that our transportation network is the engine of our economy and our ability to compete worldwide will depend on our ability to move goods and people with greater efficiency - both in terms of cost and speed.

There are several points I would like to share with you today that I believe are important considerations for future policy.

1) Local Leadership

We need to recognize the importance of non-federal investments in transportation - state, local, and private.

The voters of Los Angeles County have made the choice, on three occasions, to tax themselves to create more mobility for themselves, their families and their broader community. These three sale taxes, taken together, amount to approximately \$1.5 billion annually. To date, the Federal Government has largely turned a blind eye to the local leadership shown by our agency and local taxpayers, along with others like us across the nation. The current federal surface transportation program neither recognizes this nor rewards this, nor do the current policies incentivize other metropolitan areas to do the same.

2) Leveraging Local Leadership

Metro has been advancing two innovative financial concepts to effectively leverage local transportation dollars with what I would like to refer as “smart federal dollars.” I say “smart federal dollars” because these funds – coming in an era of a financially stressed Highway Trust Fund – make the most of existing dollars.

We strongly believe that smart, targeted, and innovative financing mechanisms can achieve two major national priorities: minimize impacts on the Federal budget and maximize the generation of new private sector jobs, particularly in the small business sector.

A new Federal approach to financing incorporated in the next surface transportation bill, which leverages transportation projects at the state and local levels can achieve both of these national priorities. Metro is proposing two specific legislative financing proposals: (1) Qualified Transportation Improvement Bonds (QTIBs); and (2) Enhanced Transportation Infrastructure Finance and Innovation Act Program (TIFIA).

Our proposal relative to bonds seeks to amend section 54 of the Internal Revenue Code to establish a new class of qualified tax credit bonds, called “Qualified Transportation Improvement Bonds” (QTIBs). These qualified tax credit bonds are taxable rate bonds issued by state, local or other eligible issuers where the federal government subsidizes most or all of the interest cost through granting investors annual tax credits in lieu of interest. Our initiative envisions that these bonds would be authorized in the amount of \$4.5 billion per year over the next ten years, or \$45 billion in total. As we have proposed, QTIBs would allow issuers to finance more than twice the dollar value of capital improvements than is possible with traditional tax-exempt bonds for any given annual revenue stream. QTIBs will not only stimulate greater investment, but they will also take pressure off conventional federal grant programs.

Our proposal with respect to TIFIA seeks to modify the program’s structure to authorize the U.S. Department of Transportation to make upfront conditional credit commitments for certain large projects or programs of related projects that satisfy national infrastructure investment goals. We are also seeking to significantly increase funding for the TIFIA program and raise the credit limits for projects receiving assistance. From my recent dialogue with several Members of Congress in Washington, DC, I believe that there exists a strong bi-partisan majority to significantly enhance the annual funding provided for the TIFIA program.

Taken together, our bond and TIFIA proposals hold the promise of reinvigorating our nation's infrastructure, creating a large number of good paying private sector jobs, all without burdening the Federal government with a large bill. We believe this is a sound approach and that the fundamentals of our proposal offer a reasonable and prudent path for federal policymakers who, like all of you, are struggling to craft a strong and meaningful surface transportation bill in a demanding fiscal environment.

3) Federal Transportation Investments Create Broad Economic Benefits

It is difficult to outsource a construction job for a transportation project in America. Whether that project is a light or heavy rail project in Southern California or a highway improvement in Montana, the Federal Government's investment in transportation projects is an investment in America.

Metro has developed an innovative bond and TIFIA proposal that will accelerate the construction of highway and transit projects not only in Los Angeles County, but across the nation. We believe this plan will generate sustained job creation, new state, local and national tax revenues, and promote overall economic growth. Recently, Metro requested the Los Angeles County Economic Development Corporation (LAEDC) to project the benefits of our innovative financial approach on a nationwide basis.

The LAEDC concluded that \$67.8 billion of investments in transportation infrastructure utilizing the innovative financing mechanisms Metro is proposing for the next federal surface transportation bill will yield \$157.6 billion in economic activity over the course of the investment and generate 918,300 annual private sector jobs with total private sector labor income of \$50.8 billion. The economic activity generated by the leveraged financing Metro is proposing will generate between \$11.1 billion in tax revenues under the QTIBs program and \$5.3 billion under the expanded TIFIA program, approximately one-third of which will be directed to state and local authorities and two-thirds to the Federal treasury. This type of innovative transportation related financial leveraging, if implemented would be unprecedented.

4) Conclusion

As Congress prepares to craft a new surface transportation bill and reform what needs to be reformed, I believe both the House and Senate should be mindful not to discard programs with a proven track record. Programs such as the New Starts Program have assisted many jurisdictions, like Los Angeles County, to address growing congestion and environmental problems while demanding a significant non-federal investment. If you are looking for a model for the future, this is it. We should not be talking of eliminating this program, we should be discussing creative ways to expand its approach and how that can serve as a model for other parts of the federal program.

We need to use the power of the federal government to help leverage federal and non federal sources of money. In the 1950s states did not have the wherewithal to finance and build an Interstate highway system. Today, states and local governments are much more sophisticated but find themselves in similar circumstances where financing is again the critical element. This time

however, the federal government is not paying the lion's share of the cost but must assume the important role of assisting with the financing.

And let's be clear, I am not saying we need a new federal program for loaning money, or a new federal infrastructure bank. With all due respect to the President's proposal, we here in Los Angeles County do not need a federal bureaucracy picking winners and losers. We need flexibility, self-determination and the power to access federally-subsidized financing to make these projects possible.

Lastly, I want to make it crystal clear that our strong and sustained support for leveraging local dollars does not in any way mean that we want to diminish existing federal assistance.

Thank you for inviting me to testify before this historic joint hearing and I welcome the opportunity to answer any questions you may have.

Senator BOXER. Supervisor, thank you very, very much for that. Next we call on Mayor Villaraigosa. We are delighted to see you here, and we thank you for visiting us in Washington—you and the supervisor and others—and giving us this 30/10 concept. Thank you.

**STATEMENT OF HON. ANTONIO R. VILLARAIGOSA, MAYOR,
CITY OF LOS ANGELES**

Mr. VILLARAIGOSA. Thank you, Madam Chair, Chair Mica, and Members of Congress. I rarely come to a hearing where I see as many Members of Congress as are present today, and I think because there is an agreement, a bipartisan agreement, on this issue of transportation investments and infrastructure. It is not a Democratic or Republican idea.

By the way, Chairman Mica, I think I told you yesterday, but for the rest of you, while it may be novel in the Congress for Democrats and Republicans to sit together, the first thing I did when I was Speaker of the California State Assembly, because of the partisanship that we had there in Sacramento, was sit Democrats and Republicans together. Both took umbrage with that action. By the way, they have been doing it now for 13 years, and I am very proud of that because I think when people sit together, they get to talk and they realize they have a lot more in common than they do differences. Sometimes in politics we spend a little too much time on the differences.

With respect to this proposal, let me say a couple things.

First of all, you all mentioned the traffic in this county, and yes, it is true. We have the worst congestion in the United States of America. But, as Chairman Knabe mentioned, the taxpayers of this city and of this county, because we have the worst congestion, taxed themselves a penny and a half over the decades to invest in transportation infrastructure. In fact, when we put Measure R on the ballot, it was the middle of the recession. One of the Congress Members, Ms. Chu, was actually in the legislature at the time. She knows we barely passed the legislation to put it on the ballot by one vote in both houses. I was there day after day trying to get those votes. There was a great deal of opposition at the time, interestingly enough, and yet, on a bipartisan basis across the county, the people said they wanted to make these investments. I think when you think about the fact that it was in the middle of a recession that they did that, it shows that the taxpayers of this county recognized that we have to address gridlock, congestion, the air quality that comes with it.

Now, the chairman asked and both chairs asked that we be specific. I have a number of comments I was going to read, but instead, I do want to focus on what I would like you all to consider.

First, we have to increase the budget authority for the TIFIA program, I would suggest, from \$122 million to \$375 million or higher. TIFIA has been a successful program. It needs additional funding. When I was in DC at one of the hearings that Senator Boxer chaired, Senator Inhofe delivered a letter saying that we have to dramatically increase the TIFIA program because of the leverage opportunities that come with it.

Second, we need to increase the share of project costs that TIFIA can cover. Right now, we can only use TIFIA for about a third of the project costs. We propose allowing TIFIA to be used for up to 49 percent of the project's cost.

Third, allow the DOT to make an up-front, conditional credit commitment. This is like getting preapproval for a home loan. It would allow DOT to preapprove projects to receive TIFIA funding, provided they went through all the necessary environmental clearances.

On that score, let me say something else that is not related to TIFIA, but is related to accelerating programs. I think we need to have a concurrent environmental review, not consecutive. Let me tell you why. We actually have tougher laws than the Federal Government here. So for us to have our environmental review, then yours, it just adds time to a project. That just does not make sense. It is the kind of thing that we do, all of us, that just does not make sense.

Fourth, we need to allow the DOT to make a commitment to a program of related projects. Currently the DOT can only make a TIFIA commitment to one project at a time. Our change would allow DOT to make a commitment to several related projects at once.

Finally, we need to allow the DOT to offer a limited interest rate hedge to projects that received an up—front commitment, in other words, preapproval. Just as homeowners can lock in on an interest rate and even buy down a point or two of their mortgage interest, this would allow the DOT to use some of the TIFIA budget to lock in an interest rate or buy down a point or interest for projects that had received preapproval.

I want to acknowledge all of the Members who are here but particularly Jane Harman, Congressmember Harman, who mentioned 30/10.

One of the things that we have said to the Congress when we talked about the 30/10 plan, which would accelerate our transit projects from 30 years to 10, and create 166,000 jobs here in this area—by the way, the county unemployment rate is 12.5. The city of Los Angeles is 14.5 unemployment rate. It would create 166,000 jobs, save 10 million gallons of gas, reduce carbon emissions by 500,000 pounds a year, increase transit boardings by 77 million.

Now, if we did this across the country, because this is not an earmark—this is a template for infrastructure investment across the Nation—we would create 922,000 jobs, according to the L.A. Economic Development Corporation, a nonprofit, independent—it did not come from the Mayor. It came from a nonprofit, independent organization that looked at what this program could do across the country with the amount of money that I am talking about in TIFIA. If we did a quality bond program as well, that could add and leverage, at a time of high deficits and debt, the money that we need for infrastructure investment.

Finally, I want to say to both chairs, that we are in full support. We need to stop extending and we need a reauthorization bill that really addresses America's infrastructure needs.

According to the American Society of Civil Engineers, we have a \$2.2 trillion need over the next 5 years. For transportation alone,

it is \$546 billion. So this is an important way, another financing tool for us to create jobs, get people to work, and importantly, leverage what localities are doing.

Since we last talked, Madam Chair, both Chairs, Chairman Mica, I now have 60 mayors behind this from the last meeting with you in Washington. The U.S. Conference of Mayors has unanimously come out in support of this effort, but 60 of them have signed on and said, we want to participate. So there is—and by the way, Republican and Democrat—broad bipartisan support for this idea.

Thank you.

[The prepared statement of Mr. Villaraigosa follows:]



ANTONIO R. VILLARAIGOSA
MAYOR

**Joint Field Hearing before the House Committee on Transportation and
Infrastructure and the Senate Committee on Environment and Public Works**

Written Testimony of Los Angeles Mayor Antonio R. Villaraigosa

February 23, 2011

Thank you Chairman Boxer, Chairman Mica, Ranking Member Inhofe, Ranking Member Rahall, and members of this joint committee for the opportunity to provide testimony at the "Improving and Reforming our Nation's Surface Transportation Programs to Support Job Creation and the Economy" hearing.

America continues to suffer from high unemployment, and unemployment here in Los Angeles is even higher. Simply put: Americans need jobs and cities and states across the nation need a federal partnership to help us put people back to work, which can be done through smart, innovative investments in our transportation infrastructure.

Los Angeles continues to be an economic engine for the U.S. The ports of Los Angeles and Long Beach handle 40% of the sea-borne containers entering the U.S. These goods are then moved to all 50 states via rail and truck. The gross domestic product of Los Angeles County alone is \$718 billion, higher than all but four states (CA, TX, NY, and FL) and 5.5% of the nation's GDP.

Unfortunately, Los Angeles continues to lead the country in overall delay related to traffic congestion. This costs the local economy an estimated \$12 billion in delay, wasted fuel, and truck congestion. Truck congestion alone accounts for \$3.2 billion of the \$12 billion cost. ("The 2010 Urban Mobility Report", Texas Transportation Institute, December 2010).

But like many cities and states across America, we are doing something about it. We are leading the nation with our investment in operational treatments to reduce traffic congestion on our streets and freeways. And we rank fourth (behind only New York, Chicago, and Washington, DC) in avoided delay associated with our growing investment in public transportation (*ibid.*).

We have done this with the support of the federal government and the state of California, but we also have made a massive local commitment to transportation infrastructure. Three times the voters of Los Angeles County have supported taxing themselves through a half-cent transportation sales tax (1.5% aggregate), most recently in 2008 through Measure R. In the current fiscal year (2010-2011), our voter-approved

taxes will generate \$1.8 billion in revenue that we are using to build, operate, and maintain a multi-modal transportation system, including robust investments in both highways and public transit.

As you can see from our local commitment, we believe that one of the best ways to support job creation and the economy is through investment in transportation infrastructure. For example, soon after Measure R passed, we broke ground on a new busway extension, creating 2,300 new jobs. We then accelerated construction of one of our new light rail lines, creating another 6,900 jobs. Over the next two years, we will start construction on four more major rail lines, creating thousands more jobs.

With financing assistance we and other jurisdictions could accelerate our construction programs and create more jobs that both would stimulate the economy directly and create a more competitive national transportation infrastructure that would position the U.S. to prosper in the 21st century global economy.

We think this can be achieved through the creation of a National Innovative Finance Program for Transportation Infrastructure that creates jobs, brings in federal tax revenue, and leverage federal dollars through the construction of transportation infrastructure. Such a program would provide financing assistance to jurisdictions seeking to create jobs and build new highway, rail, and transit projects.

Part of proposal is an expansion and enhancement of the Transportation Infrastructure Finance and Innovation Act (TIFIA) program. We are proposing six key changes to the current program that we believe will create jobs by leveraging federal dollars and getting more local and private investment in transportation infrastructure.

1. **Increase annual funding from \$122 million (SAFETEA-LU authorization) to \$375 million/year.** This would leverage up to \$3.8 billion in loans annually and \$7 billion in investment each year. It also could provide funding for partial interest rate subsidies (see below). Obviously, higher annual funding levels would leverage even more investment and job creation, which we would support.
2. **Increase the maximum TIFIA share from 33% to 49%.** While this reduces the leverage, it broadens the appeal of the program and makes it easier for more jurisdictions to participate.
3. **Broaden eligibility to include *programs of related projects*.** This lets jurisdictions engage in comprehensive, multi-modal planning and project delivery.
4. **Authorize USDOT to make upfront contingent credit commitments for certain large projects or programs.** This would mitigate financing risk for project sponsors

while enabling the federal government to establish rigorous criteria for what types of projects would qualify for upfront contingent credit commitments. The commitments and performance requirements could be memorialized in a “master credit agreement”. By reducing risk, it will be easier to attract private capital and investment.

5. **Authorize USDOT to offer a limited interest rate hedge to a project sponsor receiving an upfront contingent credit commitment.** This also would mitigate financing risk, especially for programs with multiple projects and phased construction. Since an actual loan cannot be executed until all federal environmental work is complete, interest rates may rise between the time a master credit agreement is signed and the loan is executed. Again, by reducing risk, it will be easier to attract private capital and investment.
6. **Authorize USDOT to provide a loan with a fully subordinate lien on pledged revenues if certain conditions are met.** This would address a challenge with the current program whereby subordinate TIFIA loans “spring” to parity with other senior debt if there is a bankruptcy-related event. It is difficult or impossible to getting such a feature into a bond indenture. This is a barrier to getting private capital invested into projects through bonds.

Our proposal has multiple benefits to the federal government and meets many policy goals articulated by Congress.

- We can create real jobs for Americans. A national program will generate almost one million new jobs in the U.S. and \$51 billion in income (“Federal Programs to Accelerate Highway and Transit Improvements”, Los Angeles Economic Development Corporation, February 15, 2011). At a time of continuing high unemployment, nothing could be more important than putting Americans back to work.
- We will stimulate the economy. Our proposal will generate \$158 billion in total economic output. Direct activity will be in the construction and professional, scientific, and technical services, but we also will see significant boosts to many sectors, including retail trade and manufacturing (ibid.).
- We will increase federal tax revenue by \$10.6 billion and state tax revenue by \$5.8 billion (ibid.). While the current federal scoring methodology does not consider new tax revenue, we argue that it should. At a minimum, Congress should recognize that by stimulating economic activity federal tax revenue also will grow. In effect, there will be a direct return on federal investment.

- Financing programs are not earmarks. They are tools that help jurisdictions seeking to create jobs and build their infrastructure do so faster. To make sure that nationally and regionally significant projects move forward, Congress can establish funding criteria to make sure that the best projects get help. Of course, direct federal investment and grant programs are still important and need to be continued.
- The program creates the conditions to bring private sector capital and investment to transportation infrastructure. Bond programs are advantageous to the federal government because 100% of the up-front money comes from private investors, not the U.S. Treasury. This means no appropriations or up-front cost to the federal government. This feature addresses near-term budgetary and spending challenges facing Congress today.
- The program also would create incentives for jurisdictions to raise their own revenue. Creating a program that requires a significant local match or repayment from a non-federal source encourages the development of local and state revenue sources. The federal government remains an important investment partner, but is not the principal investor.
- The program could be beneficial to jurisdictions with existing, funded long-term infrastructure programs. While there is an incentive to raise local revenue, even existing plans could be accelerated. Projects could be built sooner and Americans put back to work.
- Combining significant local revenue with federal investment results in more overall investment in the nation's transportation infrastructure. This means more jobs and better transportation systems to support business and commerce.

Our proposal has garnered growing support from a wide range of business, labor, and environmental leaders and groups. This includes support from national leaders such as Thomas Donohue, President and CEO of the U.S. Chamber of Commerce, and Richard Trumka, President of the American Federation of Labor and Congress of Industrial Organizations. Creating jobs and building transportation infrastructure can and should be a bipartisan issue.

Local jurisdictions also are supporting the call for a new federal partnership. The U.S. Conference of Mayors has adopted a support position on innovative financing and over 60 mayors – including both Republicans and Democrats – have signed on to a support letter for a national program.

We think the time is now for Congress to enact a National Innovative Finance Program for Transportation Infrastructure. It would be ideal if these ideas could be incorporated

into reauthorization, but Congress should pursue stand alone legislation if reauthorization does not occur this year.

Please do not hesitate to contact me directly or Deputy Mayor Jaime de la Vega at (213) 978-2360 or jaime.delavega@lacity.org before or after the hearing if you have any questions.

Finally, I want to express my thanks to Chairman Boxer and Chairman Mica for your interest and commitment to creating jobs and helping America build its transportation infrastructure. Your passion and leadership on these issues is just what America needs. We think that a National Innovative Finance Program for Transportation Infrastructure would be transformative for our nation and hope that Congress can establish such a program this year. I look forward to working with you both and your respective committees and am available to assist in any way that is helpful.

Attachment: "Federal Programs to Accelerate Highway and Transit Improvements", Los Angeles Economic Development Corporation, February 15, 2011

Senator BOXER. Thank you so much, Mayor.

Now we are going to hear from the chair of the Los Angeles Area Chamber of Commerce. I want to make sure, Joseph, I say it right. Is it Czyzyk?

Mr. CZYZYK. You got it. That is right.

Senator BOXER. All right. Mr. Czyzyk.

**STATEMENT OF JOSEPH A. CZYZYK, CHAIR, LOS ANGELES
AREA CHAMBER OF COMMERCE**

Mr. CZYZYK. Chairman Boxer and Chairman Mica and distinguished Members of Congress, my name is Joe Czyzyk and I am the chairman of the Board of the Los Angeles Area Chamber of Commerce. We are the largest business organization in Southern California. It is a privilege for me to appear here before you.

First, allow me to thank you for bringing this important meeting here to our city, to Los Angeles.

Second, a quick word about our history, which is an extensive one. It was the L.A. Chamber of Commerce back in 1890 that presented a resolution to Congress and hosted interested Members of the House and Senate for a tour of what we envisioned would become the Port of Los Angeles.

Today, our Ports of Los Angeles and Long Beach are the largest in the Nation and are the backbone of trade with Asia. Our ports are a result of collaboration between business and our Federal Government.

Let us not forget our LAX, the largest origin and destination airport for passenger use and the second largest air cargo airport in the United States, all built on a 1960s structural model with only one major improvement in 1984, and that was 27 years ago.

This morning, you will hear about ways to kick-start vitally needed infrastructure projects here in Los Angeles County and across the Nation. Together we can once again become collaborators in improving our Nation's dated infrastructure.

You know this without me saying it: better transportation drives jobs. Getting goods to market faster and people to work more efficiently is critical to our Nation's economic recovery.

Here in Los Angeles, we are committed to reducing congestion, repairing and modernizing our infrastructure, and improving our environment and quality of life. With Measure R—and you have heard a lot about it and you will consistently throughout this day—in 2008, which the Chamber, our business organization, fully supported—we fully supported a tax increase, if you can imagine that. A Chamber of Commerce—and worked to help pass, the region is committed to investing in our transportation system.

In our city's history, businesses collaborated with our local officials, the environmental community, and labor, a coalition that again sits in front of you today united in support for a program to accelerate the development of those Measure R projects.

Our county's voters did their part by taxing ourselves. Now Washington must do its part. Innovative financing tools from the Federal Government will stretch tax dollars further without any major impact to the Federal budget.

Of course, we have all been talking about TIFIA. So by enhancing and expanding the current TIFIA program, the Federal Govern-

ment will meet the positive demand to finance transportation projects and create much-needed new jobs. A flexible TIFIA program is needed that can move forward individual projects or a unified collection of projects. I am told that an enhanced TIFIA program could see as much as a 33 to 1 return. So by investing \$1 of Federal money, as an interest-free loan against our infrastructure bonds locally, we can put up to \$30 to work.

Senator BOXER. Could you say that one sentence again?

Mr. CZYZYK. By investing \$1 of Federal money, as an interest-free loan against our infrastructure bonds, we put as much as \$30 to work.

As a business owner, that makes good sense to me. I wish I had that kind of return in my business. This is the kind of collaboration we need from Washington.

Specifically, the L.A. Chamber of Commerce recommends an increase to the TIFIA funding cap to reflect current demand. Existing funding is sufficient. The program is severely oversubscribed and eligible, high-quality and creditworthy projects are being turned away. Increasing the funding cap will help projects from California to Florida. That was for Congressman Mica's benefit.

[Laughter.]

Mr. CZYZYK. This will accelerate transit construction. This will put people to work.

Our Chamber also specifically supports something that we have not spoken about, an increase to the airport passenger facility charge by \$2.50 to help fund the needed improvements for our other airport called LAX. Why not finance improvements like the rest of the world by charging the users? After all, that is how the sales tax system works, and it is fair. It is a fair way to raise funds.

In conclusion, it is important to recognize that almost 45 percent of the goods that line the store shelves, supermarkets, and car dealerships around the other 49 and a half States—and the other half is Northern California—of this country have been offloaded from aircraft using LAX and ships docking at our two ports here in Los Angeles, then using our roads and highways to be transported to the rest of America. Our infrastructure has taken a beating, partially for being the goods movement conduit for America. We have stepped up by taxing ourselves to improve our infrastructure for ourselves and, unselfishly, for the rest of America. Now we need help from the Federal Government to get our infrastructure into the 21st century.

Our Chamber will be in Washington, DC. the first week of May for our annual Access DC trip. We have partnered with the mayor, MTA, the Los Angeles County Federation of Labor, and other groups to continue advocating for these critical infrastructure investments during our visit, and we hope that many Members of Congress will welcome our visit, those that are here as well.

Please remember we have collaborated successfully before. We need to collaborate again.

Thank you for coming here, and I appreciate the opportunity to testify.

[The prepared statement of Mr. Czyzyk follows:]

Testimony of Joseph A. Czyzyk
Chairman of the Board of the Los Angeles Area Chamber of Commerce and
CEO of Mercury Air Group, Inc.
Joint Hearing of:
Senate Environment & Public Works Committee
House Transportation & Infrastructure Committee
February 23, 2011
Greater Los Angeles Veterans Administration

**IMPROVING AND REFORMING OUR NATION'S SURFACE TRANSPORTATION PROGRAMS TO SUPPORT
JOB CREATION AND THE ECONOMY**

Chairman Boxer and Chairman Mica and distinguished Members of the House and Senate, my name is Joe Czyzyk and I am the Chairman of the Board of the Los Angeles Area Chamber of Commerce, the largest business organization in Southern California. It is a privilege for me to appear before you this morning. First, allow me to thank you for bringing this important hearing here to Los Angeles. Welcome to our great City.

Second, a quick word of our history...it was the LA Area Chamber of Commerce, back in 1890, that presented a resolution to Congress and hosted interested members of the House and Senate for a tour of what we envisioned would become the Port of Los Angeles.

Today, our Ports of Los Angeles and Long Beach are the largest in the Nation and are the backbone of trade with Asia. Our Ports are a result of collaboration between business and our federal government.

This morning, you will hear about ways to kick start vitally needed infrastructure projects here in Los Angeles County and across the Nation. Together, we can once again become collaborators in improving our Nation's dated infrastructure.

You know this without me saying it—better transportation drives jobs. Getting goods to market faster and people to work more efficiently is critical to our Nation's economic recovery.

Here in Los Angeles, we are committed to reducing congestion, repairing and modernizing our infrastructure and improving our environment and quality of life. With Measure R in 2008, which the Chamber fully supported and worked to help pass, the region committed to investing in our transportation system.

In our City's history, business has collaborated with our local elected officials, the environmental community and labor, a coalition that again sits in front of you today united in support for a program to accelerate the development of those Measure R projects.

Our County's voters did their part by taxing ourselves, now Washington must do its part. Innovative financing tools from the federal government will help stretch tax dollars further without any major impact to the federal budget.

One way you can help is to fully fund the Transportation Infrastructure Finance and Innovation Act (TIFIA).

By enhancing and expanding the current TIFIA program, the federal government will meet the positive demand to finance transportation projects and create much needed new jobs. A flexible TIFIA program is needed that can move forward individual projects or a unified collection of projects.

Specifically, the LA Area Chamber of Commerce recommends an increase to the TIFIA funding cap to reflect current demand. Existing funding is insufficient, the program is severely oversubscribed and eligible, high-quality and credit-worthy projects are being turned away. Increasing the funding cap will help projects from California to Florida. This will help accelerate transit construction. And this will put people to work.

In conclusion, the Chamber will be in Washington DC the first week of May for our annual Access DC trip. We have partnered with the Mayor's office, MTA, the Los Angeles County Federation of Labor and other business groups to continue advocating for critical infrastructure investment during our visit.

Please remember, we've collaborated successfully before. We need to collaborate again. Thank you for coming here. I appreciate the opportunity to testify.

I hope you enjoy your time in our City of Angels.

Senator BOXER. Thank you so much, Mr. Czyzyk. We look forward to seeing you in Washington, and maybe by May we will have a draft bill out and we will start moving on it.

OK. Our next speaker is Mr. Robbie Hunter, council representative, Los Angeles/Orange Counties Building & Construction Trades Council. Again, members, this is labor and business sitting side by side, and I think that is a very strong message.

Why do you not proceed?

Mr. Hunter.

STATEMENT OF ROBBIE HUNTER, COUNCIL REPRESENTATIVE, LOS ANGELES/ORANGE COUNTIES BUILDING & CONSTRUCTION TRADES COUNCIL

Mr. Robbie HUNTER. Chairman Boxer, Chairman Mica, thank you for coming to California. The Los Angeles and Orange Counties Building Trades Council represents 150,000 construction workers and apprentices in the Counties of Los Angeles and Orange County. These trade workers work for privately owned construction companies in this area.

For decades, there has been an absolute need for commuter transit and high-speed rail systems for commuters and commerce in California. There have been upgrades and modernization in some regions such as the Alameda Corridor, but these are few and have been less effective due to the lack of a real grid and extended support system that would maximize their potential.

The political, business, and labor leaders of the County of Los Angeles and the city have made the decision that they cannot expect the Federal Government to fix the gridlock in our county and city. As a coalition, we stand ready and able to play the lead role in paying for and moving these projects forward, hopefully with the help of your committee.

The building trades worked closely with Mayor Villaraigosa on Measure R and the Chamber of Commerce. At this time, the construction costs—and we would ask that this committee would fund to the level of \$375 million. At this time, construction costs are running at 20 and 30 percent below projections, and this would be an absolute time for the Federal and State government and the county to take an opportunity here.

The building trades and the construction industry in California—we are running at 40 percent unemployment. There is nothing better as a stimulus—

Senator BOXER. Say that again so everybody hears that.

Mr. Robbie HUNTER. The unemployment rate among construction workers in California is running at 40 percent, and there is no better stimulant than to put a paycheck in a construction worker's hands on a public works project. Remember, these construction workers are working for private companies who do the lowest bid, and the only way they are going to get the next bid is do it once, do it right with the best trained workforce. We have the absolute formula to make the grid here in California a success. We are asking for funding to move this forward. We will repay that funding from Measure R. The taxpayers and the political and business leaders and labor leaders of this area are united, and we are asking for your help and your support.

I have a lengthy testimony which I will not submit, and I appreciate not having to read it out. So thank you very much.
[The prepared statement of Mr. Robbie Hunter follows:]

Robbie Hunter, Council Representative

Los Angeles/Orange Counties Building & Construction Trades Council

02.23.11

TESTIMONY TO JOINT HOUSE SENATE FIELD HEARING ON TRANSPORTATION & INFRASTRUCTURE

The Los Angeles and Orange Counties Building and Construction Trades Council represent 150,000 construction trade workers and apprentices who are employed by the privately owned construction industry companies in this area.

For decades there has been an absolute need for a commuter transit and High Speed Rail System for commuters and commerce in California. There has been upgrades and modernization in some regions such as the Alameda Corridor. But these are few and have been less effective due to the lack of a real grid and extended support system that would maximize their potential.

The political, business and labor leaders of the County and City of Los Angeles have made the decision that they cannot expect the federal government to fix the gridlock in our County and state as a coalition we stand ready and able to play the lead roll both in paying for and moving these projects forward hopefully with the help of your committee.

Through a partnership these leaders introduced Measure R to Los Angeles County voters. It was not easy to ask a beleaguered workforce in a time of recession to approve a ½ cent increase in the sales tax.

Measure R needed 2/3rd of the voters to approve the measure which seemed to some impossibility. But the citizens of this County came to realize that if they did not pay for a system to get commuters out of their cars on the clogged freeways and clean the air, then the status quo would continue and we would build more freeways with more cars and congestion, none of which would improve the quality of life for residents or relieve the gross inefficiencies of our freeway system for business.

In the wake of the passing of Measure R a plan emerged commonly known as the “30/10 proposal” which aims to build a dozen projects in 10 years instead of the original 30.

In seeking Federal loans and subsidies this County could speed the building of transportation projects which would provide tens of thousands of private jobs, reduce traffic congestion and carbon emissions.

Infrastructure projects not only increases the productivity of the region, the projects themselves are a driving force for the economy.

Construction workers reinvest their earnings directly back into the local economy through mortgage payments, buying consumable items supporting small businesses, paying taxes, and having health and retirement benefits that are provided by a private plan and not the state.

These construction workers are working for private construction companies who competitively bid with the understanding that the lowest and most efficient bid will win the project.

The goal of these private companies and their workers are the same. Do it once....do it right in the least amount of time with the most streamlined, well trained, skilled workforce possible so both the employer and worker will be the chosen contractor for the next project these are also the rules that the Building Trades live by.

With a viable transit system in Southern California many families could be free of the need to own 2 cars or more.

The cost maintenance and operation of an average car in California is over \$4,000 per year. This money could well be used to increase the personal wealth and quality of life for the family. The transit system would help relieve our nation of the chronic need to import oil.

Because of the economic conditions at this time actual construction costs are at an all time low and competition is at an all time high. Many large projects here in Southern California are coming in at 20% and more below projected costs. I don't believe there are any rules that say the Federal and State governments cannot take advantage of this. This is a great time to build.

As a representative of 150,000 construction workers and apprentices in the Los Angeles and Orange County area, I would ask your committee to consider our request to increase funding for the Transportation Infrastructure Finance and Innovation Act.

This is supported by Business, Labor and citizens alike. We are not asking you to pay for these projects, we are simply asking for loans that will be repaid with Measure R funds.

This is a model that I believe the Federal Government could use to show other states that if they do the work, then the Federal Government will support them.

Senator BOXER. Thank you so very much.
 Ms. Cindy McKim, director, California Department of Transportation, or Caltrans. We welcome you.

**STATEMENT OF CINDY MCKIM, DIRECTOR, CALIFORNIA
 DEPARTMENT OF TRANSPORTATION (CALTRANS)**

Ms. MCKIM. Thank you. Chairman Boxer, Chairman Mica, distinguished Members of Congress, it is my pleasure to be here today representing the State of California. We appreciate your taking your time to come here to our State to seek input from us.

I think that I do not want to repeat some of the key strategies that Mayor Villaraigosa and the others on the panel have already discussed. Suffice it to say that at the State level, we certainly recognize the need to invest strategically, improve project delivery, reward efficiency, and expand private investment and the ability to use new, creative financing tools for our projects.

One of the key issues that we have had here in California—we are facing a huge budget deficit, as you all well know, and those kinds of budget deficits make transportation funding extremely erratic. Nothing bleeds project delivery efficiency than funding that comes in stops and starts. We certainly encourage you to do whatever you can to get a reauthorization as quickly as possible. The continuing resolutions are, frankly, kind of hurting us significantly, both at the State and local levels.

Many of the projects that our regional agencies, our local agencies are implementing are funded by a variety of funding streams. It is very rare these days to see a project that is funded by only one funding stream. I wish that were not the case because it would certainly make all our lives more palatable. But at the Federal level, you can have several different Federal programs funding the same project on top of several State programs, on top of several regional and local programs. It makes trying to chase those dollars and administer those funds increasingly expensive and inefficient. One of the things we really have to do is get on top of it.

One of the things that we are kind of struggling with is—I think that Congressman Brown mentioned the Federal Railroad Administration not being able to get the funding out to projects. There is an opportunity, I think, for the various Federal agencies involved to kind of work more closely together and not have to recreate the rules. I think one of the problems we are seeing, particularly with the Federal Railroad Administration, is they are struggling to create the processes that the Federal Highway Administration or the Federal Transit Administration already have in place. So let us try to break down some of those silos.

We recognize at the State level we need to break down some of those same silos here. Over the years, what we have done in transportation is put band aid on band aid on band aid to try to deal with issues as they come up. It has gotten so bad that now the blob is so full of band aids, you cannot see what is underneath. Perhaps the budget issues that we have confronting us will give us a unique and unprecedented opportunity to kind of close our eyes and pull the band aids off and come up with a way that we can really ensure and reward efficiency and streamline project delivery.

We need to have a system that does not discourage investment in maintenance and operation. One of the shortcomings from my perspective at the Federal level—excuse me—at the State level is we spend a lot of time getting projects built, funding the projects to get them built, and we do not provide adequate recognition of the ongoing costs of maintenance and operation. That is one of the benefits of public/private partnerships, I think, as the way to be able to demonstrate that managing a project through its life cycle, funding a project through its life cycle will result in improved efficiencies. I think anything that you can do to kind of reward that behavior would be of benefit.

We have talked about goods movement. We absolutely need to have a goods movement strategy that works better nationally because that is a key problem for us.

The next authorization has the opportunity to streamline project delivery. We appreciate Chairman Mica's commitment to speeding up the time it takes to deliver Federal projects. Again, I think that we have an opportunity to do that by kind of breaking down those silos between the various Federal agencies. Extended processing time for environmental clearances, Federal permits and reviews adds to the cost of projects and delay mobility. We need to try to get more of those reviews and permits issued on a concurrent basis.

California, I would like to point out, is the only State to have fully implemented the NEPA delegation pilot program, and that pilot program has saved us years in delivering projects. We would like to see that pilot program made permanent so that we can continue to achieve those benefits for Californians and get the projects out more quickly.

We also would like to work to develop programmatic advanced mitigation for natural resource impacts, a more corridor-based approach, rather than the kind of project-specific mitigation strategies that we have had. The opportunity to do that mitigation banking.

Thank you very much for your attention, and if there is anything I can do to help in this effort, please let me know. Thanks.

[The prepared statement of Ms. McKim follows:]

Joint Hearing of the
Senate Environment and Public Works Committee
and House Transportation and Infrastructure Committee
Senator Barbara Boxer and Representative John L. Mica

February 23, 2011,
Los Angeles, CA

Good morning Senator Boxer, Representative Mica, members of the joint committees and other distinguished guests. I'm Cindy McKim, Director of the California Department of Transportation. I appreciate the opportunity to speak to you today on behalf of Governor Jerry Brown and the citizens of California.

I want to provide you with a clear sense of the transportation issues facing this state – the most populous in the nation and the eighth largest economy in the world.

Our economy depends heavily upon a complete, efficient transportation system; it carries the goods, people and services that, in turn, power California – and America's – prosperity. Transportation's importance in this state and to the rest of the nation cannot be over-stated.

California has invested heavily at the state and local level in a transportation system that is responsible for benefits that ripple throughout the economies of every other state in the nation. More than 40 percent of containers moving into and out of America use California's highways, railroads, ports, and airports. With 12 percent of the nation's population, California is responsible for almost 14 percent of the nation's Gross Domestic Product.

However, California cannot do it alone. We urge Congress to enact visionary legislation, with a bold funding plan that meets today's challenges. We all know the Highway Trust Fund isn't keeping up with needs. In addition, the National Surface Transportation Policy and Revenue Study Commission has reported that the nation faces a \$140 billion annual investment shortfall with regard to maintaining existing transportation assets and expanding our road and transit systems to handle future growth. If we want a viable transportation system, we are going to have to invest strategically, streamline project delivery, and reward efficiency.

Reauthorization needs to ensure the financial integrity of the Highway and Transit Trust Funds. The financial integrity of the transportation trust fund is at a crossroads. Current user fees are not keeping pace with needs or even the authorized levels in current law. The current revenue stream will not provide the revenue or stability needed, especially as new fuels enter the marketplace. This authorization will need to stabilize revenues and prepare the way for the transition to new methods of funding our nation's transportation infrastructure, such as the flexibility to use creative financing tools. We appreciate Senator Boxer's work to strengthen and expand the TIFIA program.

We need to rebuild and maintain our transportation infrastructure in a good state of repair. Conditions on California's (and the nation's) surface transportation systems are deteriorating while demand is increasing. This is adversely affecting the operational efficiency of our key transportation assets, hindering mobility, commerce, quality of life and the environment.

Our economic health demands that we establish goods movement as a national economic priority. Interstate commerce is the historic cornerstone defining the federal role in transportation. The efficient movement of goods across state and international boundaries increases the nation's ability to remain globally competitive and generate jobs. You can help by creating a new federal program and funding sources dedicated to relieving growing congestion at America's global gateways. This congestion is acting as a trade barrier and creating environmental hot spots.

Our urban areas deserve enhanced mobility through congestion relief within and between metropolitan areas. California is home to six of the 25 most congested metropolitan areas in the nation. These mega-regions represent a large majority of the population affected by travel delay and exposure to air pollutants. We ask that you increase funding for enhanced capacity for all modes aimed at reducing congestion and promoting mobility in the most congested areas.

The next authorization has the opportunity to streamline project delivery. We appreciate Chairman Mica's commitment to speeding up the time it takes to deliver federal projects. Extended processing time for environmental clearances, federal permits and reviews, etc., add to the cost of projects and delay needed mobility improvements for the traveling public. Given constrained resources, it is all the more critical that these clearances and reviews be kept to the minimum possible, consistent with good stewardship of natural resources.

I'd like to point out that California was the only state to fully implement the National Environmental Policy Act (NEPA) delegation pilot program contained in SAFETEA-LU, which California began using in 2007. Through this program, Caltrans has assumed most federal responsibilities for environmental documents and now completes routine NEPA documents about 14 months earlier than before. Overall project delivery timeframes have improved as well. California recommends that this successful pilot be made permanent.

California is working to develop programmatic advance mitigation for natural resource impacts. The next authorization can facilitate this innovative strategy by allowing greater flexibility to do advanced mitigation based on mutually approved modeling.

You can consolidate federal programs to improve efficiency and provide flexibility. The Administration's surface reauthorization proposal suggests consolidating 55 highway programs into five "core programs", along with other program consolidations in other areas. If this includes giving the states flexibility in making funding decisions that are appropriate for them, it is a good start to providing the flexibility we need.

We are looking for a continued, stable, and reliable long-term investment strategy from Washington that can support the transportation infrastructure necessary to continue our nation's economic supremacy. No other action by Congress could serve transportation as well, create as many jobs, or build badly needed infrastructure as effectively as that action.

To reiterate, the reauthorization should include provisions to:

- Ensure the financial integrity of the Highway and Transit Trust Funds.
- Rebuild and maintain our transportation infrastructure.
- Make goods movement a national priority.
- Reduce congestion in metropolitan areas.
- Streamline project delivery and extend California's NEPA delegation.
- Consolidate federal programs

We will continue working with our federal partners at FHWA, as well as our local transportation partners to meet California's transportation needs. These partnerships have been critical to our success.

I'm grateful for the time you have given me, and I look forward to working with you in the future. And now, if you have any questions or comments, I would be glad to hear them.

Senator BOXER. Oh, there will be. We thank you very much.
 Ms. Kathryn Phillips, Director, California Transportation and Air Initiative, Environmental Defense Fund. Welcome.

**STATEMENT OF KATHRYN PHILLIPS, DIRECTOR, CALIFORNIA
 TRANSPORTATION AND AIR INITIATIVE, ENVIRONMENTAL
 DEFENSE FUND**

Ms. PHILLIPS. Thank you. Thank you for inviting me to this. Thank you for holding this in California. Thank you for making such an effort to make it a bipartisan, bicameral effort. I think that that is extraordinarily important especially today.

I want to note that I am representing Environmental Defense Fund and speaking for Environmental Defense Fund, but we are also a member of Transportation for America, which is a coalition of more than 400 organizations dedicated to transportation system improvements and to bringing our system up to a 21st century standard. So while my comments do not necessarily reflect everything that every member would believe in, I think you would find that there is an awful lot of consistency with what I say. But I am not speaking for T4 today, but there are a number of T4 members in the audience.

I want to share a few thoughts regarding freight transportation policy and also talk a little bit about the National Environmental Policy Act.

But before I do that, I also wanted to make you aware that aside from my professional interests that informs my testimony, I am also informed by having grown up in a car-dependent Southern California town with a father who was a long distance truck driver and a mother who did not have a driver's license. So I understood very early on that a reliable freight transportation system is essential to the economy—it was certainly essential to our household economy—and that the availability of good public transit can make or break access to every sort of opportunity. It was the way I got to school.

So on to freight. As has already been mentioned, freight is essential to our economy, so I will not belabor that. But I will note that the Port of Los Angeles alone provides about a million jobs in the Southern California region and 3 million jobs nationally. So if you take that and you just multiply it across the country where we have rail yards, ports, hubs, corridors, trucking distribution centers, so on and so forth and logistics, you will see how important freight is to the economy.

But it also comes with some heavy environmental costs. It produces about half the Nation's smog-forming nitrogen pollution and more than a third of the fine particulate matter pollution. It is the leading source of toxic diesel soot and it is one of the fastest growing sources of greenhouse gas emissions.

I want to also emphasize it is not just a California problem. It is something that we see all over the country.

Even as the freight system drives the economy, its pollution saps the economy. There has already been a mention of some of the costs. Economists estimate that in Southern California conservatively not meeting Federal ambient air quality standards costs about \$22 billion just in the L.A. Basin. In the San Joaquin Valley,

it is about \$6 billion annually. Can you imagine? You add that up and that is more than California's current budget deficit. If we had that money just for 1 year, what would that do? So it is very essential that we cleanup the air pollution. In this basin, freight system emissions linked to the Port of Long Beach and Los Angeles represent the largest single fixed source of air pollution.

Meanwhile, demand is growing, and it is overwhelming the freight system. Reliability, especially in urban hubs, is uneven at best, nonexistent at worst, and studies show that freight users cite reliability as a key attribute to their transportation choices, sometimes more important than speed.

They also—and this is I think really important—recognize the need to reduce the system's environmental impacts. We have brought together members of environmental justice, mainstream environmental groups, freight system operators, freight system users, and we are all in agreement that you need to do something to reduce freight's environmental impacts to ensure that you can continue to operate freight without any kind of community demands for stopping freight activity.

So our sense is that if we simultaneously focus on simultaneously modernizing freight and reducing its environmental impacts, we are going to have a win-win situation. We have seen some of that happen at the Port of Long Beach and L.A. where they have been able to dramatically—they have come up with a really aggressive Clean Air Action Plan. They have been already dramatically cut ports emissions, and they are still looking to the future to do other port emission reductions.

Now, the Federal Government clearly cannot pay for everything and solve all of these problems of needed improvements in the freight system alone. However, that money that we do spend, that the Government spends, it can invest in the freight system smarter and help ensure that national goals for the economy and the environment are met through the freight system because it both costs money if we do not address both things simultaneously.

I have provided some written testimony that lists a lot of specific things, but I just want to mention a couple of them.

One is if within the bill—

Senator BOXER. You need to summarize really fast.

Ms. PHILLIPS. If within the bill we define project eligibility for the Highway Trust Fund spending in a way that emphasizes system performance outcomes, then we will be in a better place.

I want to very quickly just talk about NEPA.

Senator BOXER. Your time has run out. What do you want to tell us? What are the top three things?

Ms. PHILLIPS. The top three things on NEPA is it is important to remember it is a coordinating tool. It is not the law. It is the coordinating tool. That is really important, and when it is applied properly, it brings all the community interests and all the planning interests together early.

Second, few people are interested in delaying good transportation projects that simultaneously provide that better system and the better environmental outcome.

Third, while some people have suggested that removing environmental review requirements or scaling back the requirements will

significantly hasten project completion, this is not borne out by the limited research.

Really what is needed is exactly the kind of thing that has already been raised earlier, and that is, for agencies to be brought in as early as possible in the planning process, the community to be brought in as early as possible. Then we do not encounter the kinds of conflicts in the end.

Thank you.

[The prepared statement of Ms. Phillips follows:]



Testimony of

Kathryn Phillips
Director, California Transportation and Air Initiative
Environmental Defense Fund

Before the

United States House of Representatives
Committee on Transportation and Infrastructure

And the

United States Senate
Committee on Environment and Public Works

Joint Field Hearing on

**“Improving and Reforming Our Nation’s Surface Transportation Programs
to Support Job Creation and the Economy”**

February 23, 2011
8:30 a.m.

Brentwood Theater at the West Los Angeles Veterans Administration Campus
11301 Wilshire Boulevard

Chairwoman Boxer, Chairman Mica, Representative Hunter, and members of the committees, thank you for inviting me to testify today. My name is Kathryn Phillips and I direct Environmental Defense Fund's transportation policy work in California and at the federal level. Environmental Defense Fund, or EDF, is one of the leading organizations dedicated to protecting and preserving our nation's air, water, and natural resources. We do this by relying on science, economics, law and policy advocacy and we partner with a range of other entities, including businesses, in our efforts to develop and apply workable solutions to some of the toughest environmental challenges.

EDF is also a member of Transportation 4 America, a coalition composed of more than 400 organizations, including many represented by members of the audience. While my remarks today may not reflect those of every member of the T4 coalition, I can accurately say that all of us in T4 are united in our desire to see a better, more efficient transportation system in this country.

Today I will address ways to get to that better system through surface transportation policy, especially the federal transportation bill. I will specifically address freight policy, and also the National Environmental Policy Act (NEPA). As an environmentalist and transportation policy analyst, my focus, of course, is on how to improve the environmental performance of the system. While my professional background is essential to this discussion's framing and substance, you should be aware that my thoughts are also informed by my experience growing up in a car-dependent Southern California town with a father who was a long-distance truck driver and a mother who did not have a driver's license. I understood early that a reliable freight transportation system is essential to the economy, and that the availability of good public transit can make or break access to every sort of opportunity.

Freight Transportation

Economic and Environmental Impacts

Surface freight transportation—from rail to trucks to ships and barges—is the backbone of America's economy. It is nearly impossible to pass a single day in this country without touching something that benefited from that system. Our food, our clothing, the electronic gadgets we love and hate—all of it came to us through that system.

The system also provides a plethora of jobs, from the people who help load and unload ships and trucks, to the people who work in logistics and figure out how to make sure a load gets where it needs to go. The Port of Los Angeles alone takes credit for producing about 1 million jobs in the Southern California region, and 3 million jobs nationally through its direct and indirect impacts.¹

¹ Port of Los Angeles. Accessed February 19, 2011: http://www.portoflosangeles.org/finance/economic_impact.asp.

The cargo delivery has come with heavy environmental costs. Today, the freight system in this country is responsible for about half the smog-forming oxides of nitrogen pollution and more than a third of the fine particulate matter pollution. The freight system is the leading source of toxic diesel soot pollution. It also stands as one of the fastest growing sources of greenhouse gas emissions.

Just as the freight system helps drive the economy, the system's pollution saps the economy. In the Los Angeles Air Basin where we sit today, economists estimate that not meeting ambient air quality standards costs the people living in this basin about \$22 billion a year through health costs, premature death, lost days at work and school.² In this basin, emissions from ships, trains, trucks and equipment at the port of Long Beach and Los Angeles represent "the largest single fixed source of air pollution in the Los Angeles Basin."³

Demand Overwhelms Infrastructure

Despite the freight system's economic importance and environmental impacts, the system has been allowed to deteriorate. Today it carries more than 60 million tons per day, or the equivalent of about 2.4 million truckloads of goods, and has grown substantially in the last 15 years or so.⁴ For instance, in the decade beginning in 1997, trucking ton-miles grew by 22 percent, and rail grew by 25 percent.⁵ By 2020, that number is expected to grow to more than 90 tons per day.⁶ Yet the infrastructure and operations have not kept pace.

Our freight system's reliability, especially in urban hubs, is uneven at best, nonexistent at worse. You've probably heard the common complaint that it can take longer for a train of goods to cross Chicago than it takes to cross the country. In this Southern California region, the system's congestion is evident on nearly every freeway, but especially on those surface streets and freeways running between the ports and the inland rail yards and distribution centers. A 2009 study of freight modernization needs by the Rand Corporation found that most freight users interviewed cited reliability "as a key attribute in their transportation choices, sometimes more important than speed."⁷

² Hall, Jane and Vic Brajaer. *The Benefits of Meeting Federal Clean Air Standards in the South Coast and San Joaquin Valley Air Basins*. November 2008. Accessed February 18, 2011: <http://business.fullerton.edu/centers/iecs/reports/Benefits%20of%20Meeting%20Clean%20Air%20Standards.pdf>.

³ South Coast AQMD. "AQMD to Hear Public Concerns About Ports' Air Pollution During Two Special Meetings at Long Beach City Hall." October 24, 2006. Accessed February 18, 2011: <http://www.aqmd.gov/news/2006/mobileboardmeetingPR.html>.

⁴ Hillestad, Richard, Ben D. Van Roo, and Keenan D. Yoho. *Fast-Forward: Key Issues in Modernizing the U.S. Freight-Transportation System for Future Economic Growth*. Rand Supply Chain Policy Center. Rand Corporation. 2009. Accessed February 18, 2011: <http://www.Rand.org>.

⁵ Ibid.

⁶ Phillip R. Herr. *Approaches to Mitigate Freight Congestion*. Government Accountability Office. November 20, 2008. Accessed October 2009: <http://www.gao.gov/new.items/d09163r.pdf>.

⁷ Hillestad, op. cit.

Despite freight transportation's economic and environmental impacts, until recently, the freight system—*as a system*—has not received the attention it deserves in federal transportation planning and funding. In the federal transportation bill in the past, it has been assumed that by providing funding for highways and roadways, freight transportation will be effectively addressed. In fact, this approach hasn't worked to effectively modernize the system so that it works better and cleaner.

Modernize the Freight System While Reducing Environmental Impacts

It is possible to simultaneously modernize America's freight system, improve its efficiency AND reduce its environmental impacts, especially its air pollution and greenhouse gas emissions. Not only is it possible, it is necessary. This is an opinion that I can confidently say is shared by a range of people who work within the freight industry. It is not just the opinion of the environmental community. And it is an opinion based on what we have seen in the United States and abroad: When communities, businesses, freight system operators and governments make simultaneously cleaning up and modernizing the freight system a priority, it has happened, and the ability to continue operating freight without work-stopping community conflict is improved.

Just one example: The Clean Air Action Plan adopted in 2006 by the ports of Long Beach and Los Angeles laid out a multi-year, multi-step program to reduce those ports' emissions while growing its business. To date, the ports have cut port-related emissions by a third to more than a half, depending upon the source, and they have continued to update their air cleanup plans to incorporate new innovations to reduce emissions.⁸ Port activity continues to be robust and is showing good recovery from the economic downturn.

The federal government cannot solve or pay for all of the modernization needed in the freight system. However, the money the government does invest can be spent to get more benefit from limited dollars. It can also influence how and where others invest, and ensure that national goals for the economy and the environment are met through freight system improvements.

Federal Transportation Bill Improvements

The federal transportation bill reauthorization provides an important opportunity to make our freight system work better. The new bill can help make America's freight system meet demand while reducing the systems air pollution, water pollution and noise through targeted provisions. These include:

- **Define project eligibility for Highway Trust Fund spending in a way that emphasizes system performance outcomes, including freight movement reliability and environmental performance.** This will encourage applying the most

⁸ Port of Los Angeles. "2010 Clean Air Action Plan Update Approved." News Release. November 22, 2010. Accessed February 19, 2011: http://portoflosangeles.org/newsroom/2010_releases/news_112210_CAAP_update.pdf.

appropriate approach to improve bottlenecks, including intermodal approaches. Research shows that the conflict between freight trucks and passenger cars in urbanized areas is one particularly insidious freight system slower. The best way to improve the system in these cases can include providing more reliable public transit options to commuters to reduce roadway congestion and conflict on key freight corridors. In other cases, investing in on-dock rail terminals or grade separations where rail and roadways meet would reduce conflicts between truck traffic and rail traffic.

- **Require the Secretary of Transportation, in consultation with the Environmental Protection Agency, to establish freight reliability and environmental performance standards to help inform project eligibility for federal funding.** This will help ensure that the most serious bottlenecks are addressed in a way that delivers lasting—not temporary--benefits.

- **Require the Secretary of Transportation to develop within one year a national freight plan that identifies key hubs, ports, corridors and gateways whose improvement is essential to simultaneously meet pressing reliability and environmental and public health goals.** This planning will help establish where special attention should be directed.

- **Create an Office of Multimodal Freight within the office of the Secretary of Transportation.** The mission of the office should be to advance simultaneous improvements in freight transportation reliability and environmental impacts. Among other things, this office's duties would include working closely with U.S. EPA to identify and implement ways to reduce freight system impacts on local communities.

- **Establish technical assistance funds for states and regions to distribute to appropriate entities to develop port, gateway and corridor clean-up plans.** Clean-up plans help freight system operators thoughtfully consider the best way to modernize their system. To get the best plan, though, often requires technical knowledge beyond the operators' normal range.

- **Establish a competitive grant program that recognizes innovation and encourages projects that simultaneously deliver system reliability and emissions and other environmental impacts reductions.** Funding competitions established through the transportation bill have proved effective in driving transportation planners and engineers to work with other entities to develop better ways to address problems. This could be a new stand-alone

freight improvement competitive grant program. Or the same effect could be achieved through spending criteria assigned to formula funds.

- **Direct funding toward better data collection on freight system needs and impacts.** DOT has improved its freight data collection and analysis, but there are still gaps and needs. The gaps include data on the system's environmental, community, economic, job and trade impacts.

- **Develop grants for testing and deployment of cleaner freight system technologies.** This would be an appropriate inclusion in the bill's research and development section. For instance, American-made electric heavy-duty trucks suitable for port drayage have been developed. Broader in-the-field experience and demonstrations is needed to help test and develop greater acceptance and reduce vehicle costs. Incentives to employ these trucks would provide this in-field experience and help develop a market. Likewise, incentives to accelerate replacement of other freight-system equipment powered by older, high-polluting diesel engines—such as gantry cranes, yard hostlers and switcher locomotives—would help modernize while reducing emissions.

- **Encourage operational improvements.** Operational improvements are “the most effective near-term source of increased capacity” according to the Rand Corporation.⁹ They simultaneously improve efficiency and reduce environmental impacts. They include such measures as congestion pricing on freight corridors to better manage existing infrastructure; time-of-day port access pricing; reducing or changing packaging to carry more goods per trip; and improving intermodal access to allow use of the most efficient mode for the length of trip or type of cargo handled. There are various ways to encourage operational improvements through the transportation bill, including grants to demonstrate the feasibility of or to deploy certain operational improvements (e.g. congestion pricing), or establishing funding criteria that gives preference to project applicants who have demonstrated they have employed a suite of operational improvements.

The list I have just presented is not exhaustive. I do hope, though, that it will provide some assistance as you look for ways to improve the transportation system while reducing its environmental and public health costs.

National Environmental Policy Act

The Causes of Project Delay

⁹ Hillestad, op. cit.

I would like to turn to the National Environmental Policy Act (NEPA) and the continuing discussion about its role in transportation project delay.

First, it's important to note that NEPA is a coordinating tool. That is, it doesn't set environmental standards; other laws do that. NEPA provides a way to make sure that transportation projects are consistent with our nation's environmental and public health protection goals. It essentially makes sure that the agencies charged with enforcing environmental laws, and the public that will live with the consequences of the project, are brought into the project planning earlier than experience showed happened before NEPA was adopted in 1970.

Second, I think it's fair to conclude that few are interested in delaying good transportation projects that simultaneously offer better transportation options while also improving a community's physical and public health environment. Nevertheless, there is some evidence that some projects are taking longer to complete than what appears reasonable.

It is hard to pin down exactly how many projects are unreasonably slow or how long is too long because the literature and data neither broad nor deep. Estimates for project lengths seem to average around 4 to 7 years, with some outliers averaging twice as long. A few key studies completed in the last decade identify a list of reasons for excessive project length, and the most common reasons tend to vary a bit among the studies.¹⁰ However, reasons that seem to rank high for delaying or adding time to projects include:

- project redesign or design additions;
- the need to relocate businesses;
- project complexity;
- lack of funding for the project;
- local objections to the project; and
- interagency communications problems.

While environmental review makes it onto the extended lists, review isn't the most frequently cited cause. This makes sense because, in reality, very few projects are actually required to complete an Environmental Impact Statement (EIS)—the full analysis possible under NEPA. In 2001, of all highway projects that received federal funds, only 3 percent of projects, accounting for 9 percent of funds, had an environmental impact significant enough to require preparation of an EIS.¹¹ Nearly all

¹⁰ For a good overview of two recent studies, plus her own, see Dill, Jennifer. *What Influences the Length of Time to Complete NEPA Reviews? An Examination of Highway Projects in Oregon and the Potential for Streamlining*. Paper Submitted for Presentation to the 85th TRB Annual Conference (January 2006). Paper revised and submitted November 2005. Accessed February 19, 2011: <http://dot.alaska.gov/stwdes/desenviron/assets/pdf/resources/nepareviewtime.pdf>. Also, for a fourth and most recent study, see Keck, Dennis, et al. *Accelerating Transportation Project and Program Delivery: Conception to Completion*. National Cooperative Highway Research Program, Report 662. Transportation Research Board. 2010. Accessed February 19, 2011: http://onlinepubs.trb.org/onlinepubs/nchrp/nchrp_rpt_662.pdf.

¹¹Dill, Ibid.

federally funded transportation projects have been eligible for Categorical Exclusions or Findings of No Significant Impact (FONSI),¹² both of which substantially abbreviate any environmental review requirements.

Dangers Inherent in Weakening Environmental Review

Some people have suggested that removing environmental review requirements or substantially scaling back the requirements for transportation projects will significantly hasten project completion. Again, this isn't borne out by the limited evidence. What appears to be more successful in speeding good projects is an increased emphasis on bringing experts from resources agencies into the project planning phase early, before the project's formal environmental review begins. SAFETEA-LU Section 6001 has encouraged transportation agencies to routinely invite environmental, land management and natural resources agencies to participate in all the planning studies early, and this appears to be helping reduce time-delaying conflict later. At least 20 of 27 state DOTs reported that they have revised their practices to include earlier consultation and engagement.¹³

As one researcher concluded after reviewing other studies and interviewing agency staff responsible for completion of 12 Oregon-based highway projects:

Efforts to streamline the process may not alter overall timelines significantly simply because deadlines are set. Instead, the most significant improvements to the process are likely to come from better communication and information, along with earlier involvement. If a streamlining effort can succeed in these areas, the formal review process may be shorter. Perhaps more importantly, the process could result in better projects and better environmental outcomes.¹⁴

NEPA is not perfect. But it has too often been the focus of debates about project delays when it hasn't been the culprit. Bad planning, poor communication and a range of other issues—including lack of funding for resource agency staff to produce the analyses needed—are also in play, and must be addressed.

The Orange County Transportation Authority has been working to develop a proposal for ways to reduce barriers that add unnecessary time to project delivery. One reason I am very interested in this effort is that it promises to fairly address the range of issues involved in delay. As Will Kempton, executive director of OCTA recently testified, he "has specifically reassured the environmental community in California and at the national level that none of the recommendations from the Breaking Down Barriers initiative are intended to eliminate necessary environmental protections related to federal projects."

¹² U.S. General Accounting Office. *Highway Infrastructure: Perceptions of Stakeholders on Approaches to Reduce Highway Completion Time*. April 2003. Accessed February 20, 2011: <http://www.gao.gov/new.items/do3398.pdf>.

¹³ National Cooperative Highway Research Program. *Legal Research Digest 54: Practice Under the Environmental Provisions of SAFETEA-LU*. Transportation Research Board. December 2010.

¹⁴ Dill, Op Cit.

That said, we have just witnessed a range of attacks on basic environmental protections moved through the House through the budget process. This has been profoundly disappointing to the environmental community and put most of us—and lawyers who work on environmental issues—on high alert. I worry that regardless of OCTA's or others' good intentions, there may be further attempts to weaken environmental review through the transportation bill. If that occurs, the result will be a resurgence of lawsuits to stop projects—the type of lawsuits that are relatively rare today because environmental review requires agency and community consultation. We'll get stuck in a cycle that feeds the court but doesn't help deliver the kind of transportation system America needs.

Conclusion

There is no doubt that Americans want clean air. We all want clean water. We want to be confident that future generations will be able to know the joy of discovery that nature offers. We also want the practical benefits that a good transportation system offers. We want to fix our local sidewalks, streets and bridges. We want better, more innovative public transit to help us manage our budgets as fuel prices rise. We want a freight system that provides good jobs, but doesn't poison us with toxic emissions.

The challenge now is to push beyond the charged political atmosphere and deliver both a clean environment and an effective, efficient transportation system. I remain optimistic that can be done. I look forward to working with all of you as you develop the next federal transportation bill to help deliver such a system.

Senator BOXER. Thank you so very much.

Next, Mr. Will Kempton, CEO, Orange County Transportation Authority, who has been so helpful to me personally over the years. So we welcome you.

**STATEMENT OF WILL KEMPTON, CEO, ORANGE COUNTY
TRANSPORTATION AUTHORITY**

Mr. KEMPTON. Thank you, Senator.

Chair Boxer, Mr. Chairman, members, it is a pleasure to be here. I am Will Kempton. I am wearing two hats today. I am the chief executive officer of the Orange County Transportation Authority, but I am also chair of Mobility 121, which is a regional coalition of business and transportation agencies that support a common transportation agenda here in Southern California.

Let me just say at the outset we know you have a difficult task. I think you will hear from my colleagues here today understanding that. You will have to balance expectations with the fiscal facts of life, and that is a tough task in anybody's book.

I will say at the outset that we do support early action on a 6-year bill and immediate extension of an authorization through the end of this fiscal year. We are happy to know that both chairs are in concert on that point. It is going to maintain current programmatic levels through September. It is going to provide some certainty, and when you are managing a capital program, you must have that certainty, as the Director of Transportation indicated.

So as Mr. Shuster said, you are faced with doing more with less, but I think there are some opportunities in this process as well. We see three specific opportunities: a way to increase leverage, a way to be more innovative, and certainly some reforms.

Self-help counties, the counties in California that raise their own local sales tax, pay for transportation, have raised billions of dollars for transportation. That is an example of leverage. Our 6-year plan that we have provided you copies with in the testimony costs about \$3.7 billion, but 70 percent of those funds are coming from the local level.

Innovation. You have heard about expanding and institutionalizing TIFIA. We agree with the specifics that Mayor Villaraigosa outlined. The 30/10 concept, Build America bonds, GARVEE bonds, innovative financing will allow you to stretch dollars.

Now, reform. I want to talk a little bit more specifically about reform. We have an initiative known as the Breaking Down Barriers initiative. It is in concert with Administrator Mendez' Every Day Counts initiative, with the chair's 437 Plan, consistent with the President's executive order, and with the House resolution 72, and we are coordinating with the environmental community on that plan because we do not want this proposal to eliminate or minimize environmental protections. So we will be working with State and Federal environmental groups to make sure that that is accomplished.

We have about 2 dozen specific changes which we are going to be making available to you all in about 30 days as we finalize those changes, but let me give you some examples.

First of all—you have already heard about this—extending and expanding the NEPA delegation. Five States granted that author-

ity under SAFETEA-LU. Only California took advantage of it. As Ms. McKim indicated, time savings of 10 to 14 months per project. We have quite a database of projects that have been approved under this process here in California.

Do not let the planning process delay project implementation, as it did during the American Recovery and Reinvestment Act. Why could we not get money out more quickly? Because we had to go back through the Federal process to qualify projects for those dollars. There are ways that we can fix that and we will recommend those to you.

Compress and overlap the sequential activities. If you look at a bar chart that shows design, environmental review, design, right-of-way, et cetera, those activities can be overlapped to save time. We want to employ a prompt action provision. We are working with the environmental community on this, but some defined requirements for project-level reviews. If you can sign a partnership agreement between the regulatory agencies and the sponsoring agency, you can waive that requirement because in that agreement you will agree to schedule and other activities.

Practical design, doing things a little bit cheaper. It is not so much an emphasis on standards.

Extend the pre-award spending authority that exists on the transit side to the highway side so that you can actually begin activities sooner.

These are all activities that can be done to improve project delivery, to get jobs out faster. The emphasis of our role is breaking down barriers so we can create jobs more quickly.

Madam Chair, I am happy to answer any questions at the appropriate time.

[The prepared statement of Mr. Kempton follows:]

Testimony of:

**Will Kempton
Chief Executive Officer
Orange County Transportation Authority
Orange County, California**

Before the

**United States House of Representatives
Committee on Transportation and Infrastructure
and
The United States Senate
Committee on Environment and Public Works**

Joint Hearing on:

**Improving and Reforming our Nation's Surface Transportation
Programs to Support Job Creation and the Economy**



Wednesday, February 23, 2011
8:30 a.m.

Brentwood Theatre
West Los Angeles Veterans Administration Campus
11301 Wilshire Boulevard
Los Angeles, California

Chair Boxer, Chair Mica and members of the House Transportation and Infrastructure and Senate Environmental and Public Works Committees, my name is Will Kempton and I am the Chief Executive Officer of the Orange County Transportation Authority (OCTA), located in Orange County, California. I am very pleased to be here today to share with you our ideas regarding how the future transportation reauthorization legislation can create jobs, improve our economy and improve the lives of those who reside and travel in Southern California.

OCTA is part of a larger coalition of Southern California business and public transportation entities, called Mobility 21, which I currently chair. Last week, Mobility 21 visited Washington and set out a vision for transportation reauthorization for Southern California during these difficult economic times. That vision requires doing more with less as we address some of the most stubborn congestion in the nation and creating the jobs needed to bring the economy back to health. First Mobility 21 recognizes that, in spite of the recession, investment in transportation infrastructure is essential to the creation of jobs and global competitiveness. Second, we acknowledge the benefit of innovative financing tools to stretch local investments. Finally, Mobility 21 endorses the efforts of OCTA and others to expedite and improve the delivery of federal projects to accelerate the creation of jobs.

That regional vision of transportation forms the framework for the efforts of OCTA and other transportation providers in Southern California to work in a new partnership with the federal government in these difficult times. Whether it is the Los Angeles 30-10 program, Riverside County's need for TIFIA funding, or OCTA's capital needs along with our efforts to break down existing barriers to expedited project delivery, we hope that the federal government will continue its important role in the investment of transportation by supporting the kind of regional partnership commitments which we are making here in Southern California.

At OCTA we are more than equal partners in the funding of transportation infrastructure projects. This year will mark the successful completion of \$4.1 billion in locally funded transportation improvements promised to Orange County voters in 1990, when they approved Measure M, a twenty-year half-cent local sales tax program. At the same time, we are beginning implementation of a renewed Measure M program that was approved by nearly 70 percent of our voters in 2006, and is projected to provide more than \$15 billion in new local funding for freeway, regional/local streets and roads, and transit improvements by 2041.

OCTA's six-year plan for federal capital projects has previously been shared with the Committee Chairs and is attached to these remarks. It shows a list of ten multimodal projects intended to attack regional congestion, improve the efficiency of highway, transit and goods movement in and through Orange County, and improve livability in the most populous cities within the County. Most importantly, the plan reflects OCTA's belief that a strong State and local financial commitment must lead the way to project funding. The total cost of this plan is \$3.7 billion, with \$2.61 billion, or over 70%, being provided from anticipated state or local revenues and user fees.

Several key projects in this plan demonstrate the strategic use of limited resources to provide the largest benefit for Orange County. The plan includes two new start transit projects designed to improve mobility in two of the densest parts of Orange County: the Santa Ana government center/downtown area and the Anaheim resort/professional sports area. These two projects were developed from a region-wide OCTA planning process and Measure M commitment to increase the reach of the Metrolink commuter rail system by creating urban circulator systems.

The Santa Ana project is anticipated to be a streetcar system that would travel along a major east-west corridor providing access from the Metrolink commuter rail station through Santa Ana's downtown to the Santa Ana Civic Center, state and federal government offices and courthouses. The system would reduce traffic congestion, reduce emissions, promote livability, support economic development, improve land use and provide a more pedestrian-friendly community in central Santa Ana.

The Anaheim Rapid Connection project is envisioned to operate as a high-capacity transportation system, providing convenient and efficient transfers to Metrolink commuter rail, Amtrak, bus and future high-speed train services at the Anaheim Regional Transportation Intermodal Center (ARTIC). The 3.5 mile system will connect residents, workers and visitors to ARTIC, the Anaheim Convention Center, new mixed use office and residential development in the area and the Anaheim Resort, including Disneyland.

Another project from this plan will address the San Diego Freeway (I-405) in Orange County. This project will add new lanes to eleven miles of I-405 from the Costa Mesa Freeway (State Route 55) to the San Gabriel River Freeway (Interstate 605), generally within the existing right-of-way (ROW).

The project is currently in the environmental clearance phase and there are three build alternatives under consideration, ranging from the addition of one general purpose lane in each direction, two general purpose lanes in each direction and an express lanes alternative, which would add one general purpose lane and one express lane in each direction. Under this last alternative, the new express lane and existing high-occupancy vehicle (HOV) lane would be operated as a two-lane tolled express facility in each direction (consistent with the existing operation of the State Route 91 Corridor) and HOV's would ride free, or be discounted at peak hour. This project may provide an option for the application of innovative procurement techniques and potential private investment.

While we strongly support efforts to build high speed rail in California, we also recognize the need to continue to make improvements to existing rail corridors in order to improve system efficiency and safety. Therefore, the OCTA plan also includes grade separation projects along the LOSSAN Corridor in Orange County. The LOSSAN Corridor, connecting Los Angeles to San Diego through Orange County, is the second busiest passenger rail corridor in the nation, carrying 2.5

million passengers last year. Expanded track capacity in the LOSSAN corridor, using existing rolling stock, could significantly reduce travel times between San Diego and Los Angeles and could be completed by 2016. Continued federal support for high speed rail and federal investment in rail infrastructure will aid in the movement of goods and people in Southern California and improve the economy nationwide.

OCTA hopes that the committees will place an emphasis in reauthorization legislation on funding projects such as the ones contained in the OCTA plan, where federal goals of congestion reduction and livability are being accomplished with a strong local financial commitment and where there is consideration of innovative arrangements to leverage federal funding commitments.

As important as project funding is, OCTA also understands that an important key to creating jobs and improving the economy is efficient, expedited project implementation. It is well known that federally funded projects often take an extraordinary length of time--as much as 14 years-- from the time of funding availability to project completion. This is time wasted in processing that slows down the creation of jobs

Any infusion of construction jobs into the economy at this particular time brings an added benefit. Right now, bids on construction projects at OCTA, throughout California and around the nation are coming in at between 25 and 40 percent below engineering estimates. This means if we can get the funding and build projects now, we can receive more benefit for the public dollars spent. In the past year alone, OCTA has saved \$138 million from construction bids below engineering estimates. This savings will be put to work to pay for other unfunded projects in the county.

In early 2010, OCTA, led by Board Member Peter Buffa, began discussions with top United States Department of Transportation officials and key Congressional leaders regarding the opportunity to unlock the jobs tied up in the federal project delivery process and create jobs in Orange County and throughout the nation. This earlier creation of jobs can be accomplished without the expenditure of massive amounts of federal funds.

OCTA's discussions with Congress and the Administration over the past months have revealed that others in Washington share the view that now is the time to expedite federal funding and reduce the burdensome requirements long associated with major federal projects. The Federal Highway Administration's (FHWA) "Every Day Counts" initiative seeks to identify and deploy innovation aimed at shortening project delivery. The 437 Plan of House Transportation and Infrastructure Committee Chair John Mica (R-FL) is seeking to apply the goal which was achieved in the shortened timeframe it took to rebuild the collapsed Interstate 35W bridge in Minneapolis, to all federally funded projects. President Obama recently authored an op-ed piece in the Wall Street Journal criticizing "absurd and unnecessary paperwork requirements that waste time and money" and issuing an Executive Order to review existing rules that stifle job creation.

The Breaking Down Barriers initiative has been a process of listening and collecting the experiences of OCTA counterparts in California and across the nation. OCTA has reached out to state and local governments, as well as key transportation industry and business associations such as the American Association of State Highway Transportation Officials (AASHTO), the American Public Transportation Association (APTA), and the U. S. Chamber of Commerce for their assistance in this initiative.

OCTA has conducted over 40 confidential interviews over the past four months with project implementers and trade associations in an effort to collect the widest sampling of recommendations as to where changes in the status quo can expedite project delivery. The interviews found that delay in project delivery can be attributed to the following causes:

- a. A misplaced federal focus on **micromanaging** in the name of good project control;
- b. A misplaced reliance on **document length** in the name of **quality**;
- c. A focus on **processing** in place of **advancing** projects;
- d. A failure to adopt a federal, state, and local **partnership** effort to replace the highly **risk-averse attitude** presently associated with federal oversight,
- e. An erroneous belief that **delay** is evidence of **diligence**.
- f. A failure to **penalize delay** and **reward innovation** at the federal and state or local level.

The OCTA final report is still in development, but to date we have identified more than two dozen changes in existing federal law, regulations, or practices which could speed up the project delivery process. These recommendations are grouped into three general areas. The first set of recommendations is intended to shift the federal focus to the outcome of delivery of a transportation benefit. Actions supporting this goal include: providing for universal pre-award spending to state and local entities; clarifying the transportation improvement program amendment process; extending the NEPA delegation authority; removing redundant steps in the environmental review process; and providing for modular or scenario-based conformity determinations.

The second set of recommended actions would encourage federal and state or local project managers to team together for project performance. Actions supporting this goal include: the ability to enter into project and program delivery partnering plans; establishment of "prompt action" provisions at key decision points in the project approval process; establishment of a partnering award program to positively reinforce prompt project action; and creation and funding of liaison positions to move projects through decision chokepoints.

The third set of recommendations focus on strategies that recipients can employ internally, in conjunction with federal funding agencies, to reap time and cost savings. Actions supporting this goal would include the development of transportation program data bases and project information that can be universally accessed; the establishment of a federal grant program for innovative contract management; and investment in the internal capabilities to use innovative contracting mechanisms effectively.

OCTA has specifically reassured the environmental community in California and at the national level that none of the recommendations from the Breaking Down Barriers initiative are intended to eliminate necessary environmental protections related to federal projects. Instead, they are designed to expedite those projects in an environmentally responsible way. OCTA will continue to inform and involve the environmental community and all other interested parties as this initiative progresses.

Three specific examples of proposed process improvements will serve to show that the Breaking Down Barriers initiative is not intended to eliminate necessary environmental requirements. First, the report will recommend the expansion and continuation of the NEPA delegation which was authorized by SAFETEA-LU. California is the only state which took advantage of this program and after over three years the delegation has been an unqualified success, with statewide average time savings between 10-14 months and median time savings between 14 and 19 months.

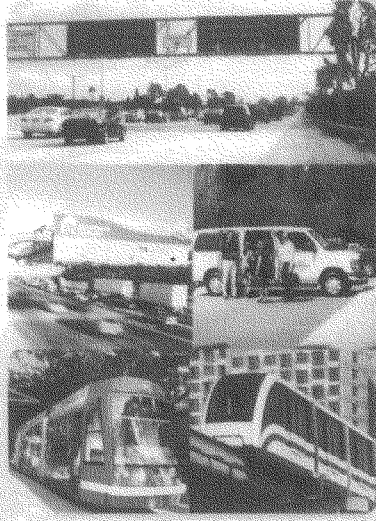
Second, the report will highlight that the planning process should not delay project implementation. Programming power should be delegated to local MPO's to amend the Transportation Improvement Program (TIP) quickly and with minimal federal delay. Once projects are in the TIP, grantees should be trusted to be able to move forward on project implementation, even before formal grants are authorized. This is already true with regard to the transit formula program, but is not the case on the highway side.

Third, the report will advocate for a "prompt action" provision in law whereby federal agencies would be required to act on project approvals within a set timeline. This provision could be coupled with a "carrot" that would waive the timeline where the grantee and the federal agency work together through a voluntary "partnership plan" which sets clear project deadlines and delegates project responsibility to the grantee.

Again, we appreciate the monumental task facing the committees as you work to enact the nation's next transportation reauthorization. We look forward to working with you on this important and critical endeavor. Thank you once again for the opportunity to testify today. I would be pleased to answer any questions from the committees.

Orange County Transportation Authority

6-YEAR FEDERAL CAPITAL PROJECTS



December 20, 2010



Summary of Goals and Projects

With a population of over three million, Orange County is the third most populous county in California and the fifth most populous county in the nation. OCTA continues to focus on strategic and high priority county and regional congestion relief projects that improve the efficiency of the highways, transit systems and goods movement in some of the busiest corridors in the nation. The following projects represent \$3.70 billion in investment that will ensure the federal funding is maximized and regional projects are delivered.

New Starts

1 Anaheim Fixed Guideway

Request: \$527.2 million for engineering, right-of-way and construction
Local match: \$148.8 million

The city of Anaheim plans to build an east/west fixed guideway between the Anaheim Regional Transportation Intermodal Center (ARTIC), the Platinum Triangle and the Anaheim Resort. The system will provide convenient transfers to Metrolink, Amtrak, bus rapid transit, local bus, and future high-speed train services connecting at ARTIC. This connection will link Orange County's backbone Metrolink commuter rail system with the city of Anaheim's major employment and activity centers in the Platinum Triangle and the Anaheim Resort area.

2 Santa Ana - Garden Grove Fixed Guideway

Request: \$126.3 million for engineering, right-of-way and construction
Local match: \$36.5 million

The cities of Santa Ana and Garden Grove plan to build an east/west fixed guideway system between the Santa Ana Regional Transportation Center (SARTC) and key activity and employment centers. The first project phase will connect SARTC with the Santa Ana Civic Center that includes major city, county, state, and federal employment centers. A second phase would extend the project east to the busy Harbor Boulevard transit corridor.

Highways

3 San Diego Freeway (I-405) Improvement Project

Request: \$192.2 million for right-of-way and construction
Local match: Between \$600 million and \$1.8 billion depending on which alternative is selected

The I-405 Improvement Project will add up to two lanes in each direction for a distance of approximately 11 miles from the vicinity of SR-73 to I-505. One option adds one lane in each direction; the second adds two lanes in each direction. The third option is to operate a managed express lane facility by combining one new lane with an existing carpool lane. This alternative provides additional travel options, congestion relief and generates revenue for the project. In addition, this option adds a new general purpose lane in each direction from Euclid Street to the I-505 interchange.

4 Santa Ana Freeway (I-5) Improvements, Costa Mesa Freeway (SR-55) to Orange Freeway (SR-57)

Request: \$17.5 million for final design
Local match: \$17.5 million

The project will add new lanes in each direction on I-5 between SR-55 and SR-57. This central segment of I-5 experiences high levels of peak period congestion. The project may include the addition of one carpool lane in each direction to provide a four-lane HOV cross section.

5 San Diego Freeway (I-5), Avenida Pico to Pacific Coast Highway

Request: \$42.1 million for construction
Local match: \$204.9 million

The project will add new lanes for approximately six miles on I-5 between Pacific Coast Highway (San Juan Creek Road) and Avenida Pico interchanges to increase freeway capacity and reduce congestion in the San Clemente area. The project will add one HOV lane in each direction plus auxiliary lanes between on- and off-ramps.

6 SR-241/91 Express HOV/HOT Connector

Request: \$40.0 million for construction
Local match: \$200.8 million (including toll revenue)

The SR-241/91 Express HOV/HOT Connector project provides toll-to-toll connector ramps between the SR-241 and the 91 Express Lanes. The project includes a median-to-median connector that will allow a seamless transition between the two toll facilities to reduce weaving on the SR-91 as well as improve access to the SR-241.

7 Bristol Street Widening (Phases 3 and 4)

Request: \$88 million for engineering and construction
Local match: \$12.0 million

The project will widen Bristol Street to provide three lanes in each direction with a landscaped median from Civic Center Drive to 17th Street and from Warner Avenue to St. Andrew Place through the heart of Santa Ana. The project also includes modifications of traffic signals, 11,400 feet of soundwalls, construction of parkway and curbside-secs, landscaping, bus stop pads, new signing and striping and other necessary improvements.

8 State College Boulevard Grade Separation (LOSSAN Corridor)

Request: \$28.3 million for construction
Local match: \$66.0 million

The project will construct a vehicular overpass at State College Boulevard and the LOSSAN corridor in the city of Anaheim. The grade separation will significantly reduce vehicular traffic delays at the existing grade crossing.

9 17th Street Grade Separation (LOSSAN Corridor)

Request: \$30.2 million for construction
Local match: \$72.2 million

The project will construct a vehicular overpass for 17th Street and the LOSSAN corridor in the city of Santa Ana. The grade separation will significantly reduce vehicular traffic delays at the existing grade crossing.

Transit

10 Goldenwest Transportation Center Expansion

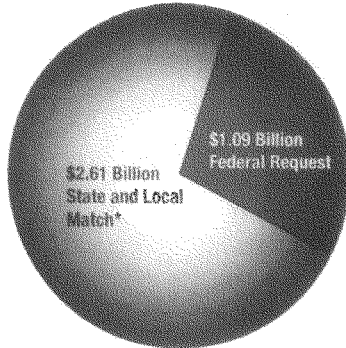
Request: \$2.0 million for construction
Local match: \$8.6 million

The existing OCTA transportation center, located on Center Avenue in Huntington Beach, will be reconstructed to expand park-and-ride and vanpool parking capacity. There are currently 10 bus bays for express bus and local bus services at the facility, including approximately 124 parking spaces for passenger vehicles. The existing parking facility operates at 100 percent capacity. The new project will construct a four-level parking garage with approximately 300 parking spaces and will continue to serve as a park-and-ride and bus transfer facility.

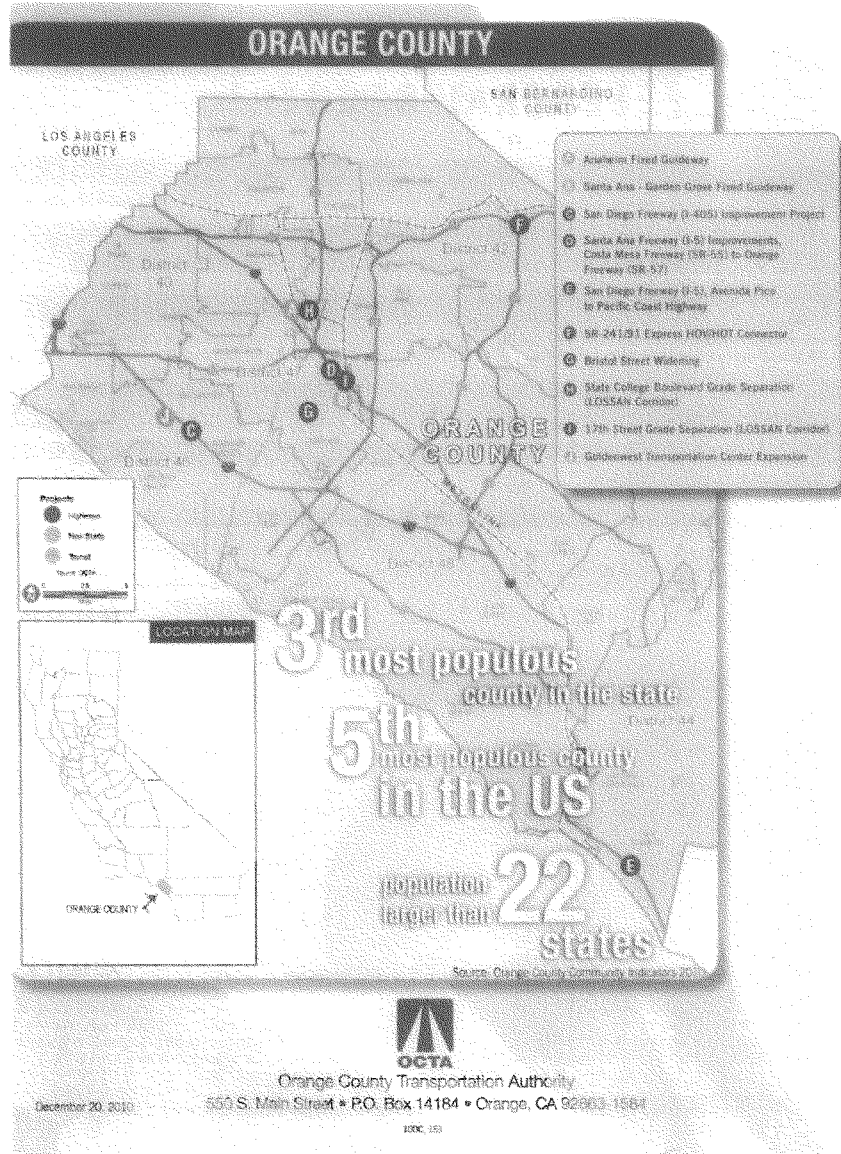
FEDERAL REQUEST

	FEDERAL FISCAL YEAR 2012	FEDERAL FISCAL YEAR 2013	FEDERAL FISCAL YEAR 2014	FEDERAL FISCAL YEAR 2015	FEDERAL FISCAL YEAR 2016	FEDERAL FISCAL YEAR 2017	TOTAL FEDERAL REQUEST (IN MILLIONS \$)
New Starts							
① Anaheim Fixed Guideway	\$177.6	\$62.4	\$129.1	\$129.1	\$129.0		\$527.2
① Santa Ana - Garden Grove Fixed Guideway	\$22.3	\$52.0	\$52.0				\$126.3
Highways							
② San Diego Freeway (I-405) Improvement Project			\$16.2			\$176.0	\$192.2
② Santa Ana Freeway (I-5) Improvements, Costa Mesa Freeway (SR-55) to Orange Freeway (SR-57)					\$17.5		\$17.5
② San Diego Freeway (I-5), Avenida Pico to Pacific Coast Highway					\$42.1		\$42.1
② SR-241/91 Express HOV/HOT Connector				\$40.0			\$40.0
② Bristol Street Widening		\$13.2	\$74.8				\$88.0
② State College Boulevard Grade Separation (LOSSAN Corridor)						\$28.3	\$28.3
② 17th Street Grade Separation (LOSSAN Corridor)						\$30.2	\$30.2
Transit							
① Goldenwest Transportation Center Expansion			\$2.0				\$2.0
TOTAL FEDERAL REQUEST							\$1.09 Billion

6-Year Capital Projects Program
\$3.70 Billion



*The match assumption includes potential revenues from a managed express lanes facility on I-405.



Senator BOXER. Thank you so much, Mr. Kempton.

Next we are so pleased to welcome Steve Heminger, executive director of the Metropolitan Transportation Commission. Welcome, Steve.

**STATEMENT OF STEVE HEMINGER, EXECUTIVE DIRECTOR,
METROPOLITAN TRANSPORTATION COMMISSION**

Mr. HEMINGER. Thank you, Madam Chair. It is wonderful to be surrounded by all these Southern Californians.

[Laughter.]

Mr. HEMINGER. I am also wearing two hats, as Will is, today because, as you know, I also served and was privileged to serve as a member of the National Surface Transportation Policy and Revenue Study Commission which was chartered by Congress to give you some advice on this subject a few years ago. I think our advice is still timely and I wanted to briefly summarize that report in terms of three R's like we learned in school. The first is reform. The second is restructuring, and the third is reinvestment.

I do strongly believe still that what we need in our Federal transportation program is a comprehensive reform. It is not a reauthorization. It is a new beginning, perhaps not a blank sheet of paper because you have heard today there are several programs that are worth building on, but I think it is time for an entirely fresh look.

Let me mention two examples. One of them is how we select projects. We still have a system that pretty much measures in terms of how many projects did we build, how much steel did we acquire, how much asphalt did we lay. What we really need to be looking at is outcomes. How much delay did we reduce? How much economic growth did we provoke? How much environmental benefit did we provide? That is the shift we need to make.

Second, in terms of project delivery, I could not agree more with the things that Will has said. The Minneapolis bridge that I know Chairman Mica has used constantly, a project that took 13 months instead of the typical 13 years, which is the average for the Federal Highway Administration. We do not have a process that is stopping bad projects. We have a process that is making good projects that we end up building, cost more, and take too long.

An example in the Bay Area. We had a bridge, a new interstate bridge, the Benicia Crossing, Senator. We moved that bridge three times in the design process because the different Federal agencies could not agree where they wanted it. That is, in my opinion, where the nub of the problem is. It is not NEPA. It is not CECWO. It is the permitting agencies, and they need to get on the same page. I think in this authorization, you really need to read them the riot act.

Second, restructuring. I think you were aware that our report I think surprisingly found that there are 108 separate program categories in the surface transportation law, and I think it is fair to say that if you have 100 priorities, you really do not have any at all. Our recommendation was to consolidate down to 10 programs. The President's proposal, released a few days ago, consolidates. I certainly hope you will head in that direction.

My testimony covers what I would consider the holy trinity. In terms of my three favorite recommendations, one would be a program focused on rebuilding America, on fixing the infrastructure we have built, a second on global competitiveness, on goods movement and freight, and a third on metropolitan mobility which would focus on the economic engines that drive this country.

Finally on reinvestment, this is where we really are in a pickle. As you know, the main funding source for this program is a user fee, but for some reason we called it a gas tax I guess just to make people mad about it. So we have taken a fee and called it a tax. Now, it is an excise tax which means that if you do not adjust the rate, inflation and fuel efficiency gives everybody a tax cut every year, and that is what has been happening. But none of you get credit for the tax cut. All we do is have less money to spend on infrastructure. So it is the craziest darned system that you could think of.

The level of that investment that we have in the next bill is obviously one of your most important policy decisions. I am not going to sit here and lecture you or suggest to you what the right number is. Our policy commission did recommend a significantly higher funding level, and I think the case that we made for it is still strong.

But what is undoubtedly true is that we get the transportation system that we pay for, and we are not paying much for it now and it shows.

So let me conclude, if I could, as the Northern Californian maybe with a Hollywood reference. I would like to go back to the introductory remarks, and I think you both mentioned that you were sitting together at the State of the Union. I could not help think about the ending of Casa Blanca, you know, this is the beginning of a beautiful friendship. I certainly hope you write us a beautiful bill.

Thanks very much.

[The prepared statement of Mr. Heminger follows:]

**TESTIMONY OF STEVE HEMINGER
EXECUTIVE DIRECTOR
METROPOLITAN TRANSPORTATION COMMISSION
SAN FRANCISCO BAY AREA**

**PRESENTED TO THE JOINT FIELD HEARING
SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**

**FEBRUARY 23, 2011
LOS ANGELES, CALIFORNIA**

Good morning, Chairman Boxer, Chairman Mica, and members of the committees. My name is Steve Heminger and I am executive director of the Metropolitan Transportation Commission (MTC). MTC is the metropolitan planning organization and regional toll authority for the San Francisco Bay Area. I was also privileged to serve on the congressionally-chartered National Surface Transportation Policy and Revenue Study Commission, which published its report *Transportation for Tomorrow* in January 2008. I attach the executive summary of that report to my testimony for the record.

Like many in the transportation community, I was delighted to see the two chairs of these committees sitting side-by-side at the most recent State of the Union Address. It is commendable that you have continued to exemplify that spirit of bi-partisanship by convening this joint field hearing. Perhaps, as the classic movie ending goes, “this is the beginning of a beautiful friendship.” Such a strong partnership – between the House and Senate, between Democrats and Republicans – has never been more essential to rescue a federal surface transportation law adrift on a sea of short-term program extensions, General Fund borrowing, and competing national priorities. We desperately need your leadership to firmly grasp the wheel and chart a new course for the nation’s infrastructure investment programs. Our hopes are very much in your hands.

I know that in your role as senior Members of Congress, you are currently engaged in a debate in Washington DC about a fundamental question: what is the proper role for the federal government in our national life? That broad question is especially relevant today in the specific field of surface transportation investment. During construction of the Interstate Highway System, the mission of the federal government was crystal clear: to convert lines on a road map into miles of concrete, asphalt and steel. Some two decades since the substantial completion of that engineering marvel, it is much more difficult to discern what the federal program is up to. In the words of our Policy Commission report: “The Commission believes that surface transportation programs cannot fully contribute to economic growth, international competitiveness, or other national goals without a national investment strategy. Furthermore . . . this investment strategy can serve as a basis for allocating funds among States and metropolitan areas to maximize the return on Federal investment and achieve the greatest overall improvement in surface transportation conditions and performance.” Or as the father of the Interstate System put it more bluntly: “Plans are nothing; planning is everything.”

Transportation for Tomorrow recommended several areas of intense focus for a renewed level of federal investment; let me highlight three of them in my brief testimony today. First, there should be no question that Job #1 is to protect the federally significant infrastructure we’ve already built. The Interstate System is the nation’s most important surface transportation asset, with a replacement value in the trillions. Anyone who’s done any driving lately knows what kind of shape it’s in. The nation’s seven largest rail transit systems face a staggering repair backlog of \$50 billion. Deficient bridges litter the landscape – sometimes, tragically, quite literally. While the elevated investment in

system maintenance during the “TEA Era” has improved conditions somewhat, we are still earning failing grades in the annual report of the American Society of Civil Engineers. We can and must do better.

Second, if any transportation priority justifies a robust federal role better than goods movement, I don’t know what it is. Freight flows freely between state borders and beyond our national borders in the global economy. Article I, Section 8 gives Congress a constitutional mandate “to regulate commerce with foreign nations, and among the several states.” Yet, among the 108 federal surface transportation programs in current law, not a single one is dedicated to goods movement on a meaningful national scale with all modes – rail, truck, and water – eligible for investment. The goods movement challenge facing the United States is too daunting for any single state to overcome, even a state as large and dynamic as California. The Ports of Los Angeles and Long Beach are Exhibit A for a new federal focus on freight, so you’ve brought this joint hearing to the right place.

Finally, I would be derelict in my duty as a board member of the Association of Metropolitan Planning Organizations if I did not make the case for a more productive partnership between the federal government and the nation’s major metropolitan areas. Just the top 50 metropolitan areas generate 60% of U.S. gross domestic product. In transportation terms, the same areas account for 90% of all public transit commuters and suffer nearly 100% of urban traffic congestion. These economic engines are not firing on all cylinders because the federal transportation program still treats them as wards of the States, rather than as valuable partners in creating the nation’s future economic prosperity. The Policy Commission recommended that a distinct federal program be

established to de-congest the flow of both people and goods in these major metropolitan areas, and I continue to believe that such an approach would pay huge economic dividends – not just for those regions, but for the country as a whole.

In transmitting his plans for the Interstate System to Congress in 1955, President Eisenhower stated: “Our unity as a nation is sustained by free communication of thought and by easy transportation of people and goods . . . Together the unifying forces of our communication and transportation systems are dynamic elements in the very name we bear – United States. Without them, we would be a mere alliance of many separate parts.” In recent reauthorization squabbles over donor state guarantees and project earmarking, Ike’s message seems to have gotten lost. It’s never too late to make a fresh start, however, and your committees have the goodwill and best wishes of numerous transportation stakeholders across the nation to do just that.

Thank you both very much for the opportunity to testify at this joint field hearing. I would be pleased to respond to any questions you might have.

Report of the
**National Surface Transportation
 Policy and Revenue Study Commission**

Transportation for Tomorrow

January 2008 | Executive Summary



Preamble

A modern, smooth-functioning national surface transportation system is essential for economic success in a global economy and is also a key determinant of the quality of life enjoyed by citizens throughout America. Yet for too long — since substantial completion of the Interstate Highway System in the late 1980s — this country has lacked a clear, comprehensive, well-articulated and widely understood strategic vision to guide transportation policymaking at the national level.

In its last major transportation bill, Congress addressed the need for such a guiding vision directly. Noting that “it is in the National interest to preserve and enhance the surface transportation

It should be the goal of this nation to create and sustain the pre-eminent surface transportation system in the world.

Congress established the National Surface Transportation Policy and Revenue Study Commission to undertake a thorough review of the nation’s transportation assets, policies, programs and revenue mechanisms, and to a prepare a conceptual plan that would harmonize these elements and outline a coherent, long-term transportation vision that would serve the needs of the nation and its citizens.

This Commission has worked diligently to fulfill this charge, meeting and holding public hearings across the country during an intensive 20-month study period. Our findings and recommendations — calling for bold changes in policies, programs and institutions — are contained in our report, *Transportation for Tomorrow*. Here we offer an executive summary of key aspects of the report. The full report can be found on the Commission’s website at www.transportationfortomorrow.org.

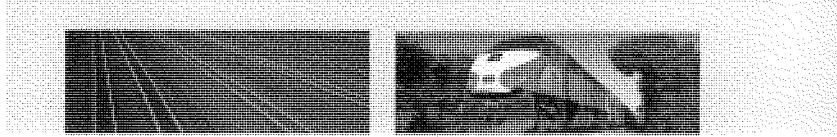
A New Vision

Just as it helps to know your destination before starting off on a trip, our Commission believed at the outset that it is important to have in mind a vision of what the national surface transportation system might look like — or at least how we’d like it to function — in the middle of the 21st century. But before we even began to sketch this futuristic picture of the system, we agreed among ourselves that our fundamental motivation should be to help the United States to *create and sustain the pre-eminent surface transportation system in the world*. We decided to aim high, in other words, and that pledge has sustained us through many long and sometimes contentious meetings — and has in the end allowed us to reach agreement on a surprisingly wide range of often sweeping policy proposals.

Our report, *Transportation for Tomorrow*, attempts to chart a course with this lofty goal as a destination. It is an action plan aimed at an ultimate achievement — to be the best — and we offer it with full faith that this goal can be reached and the vision realized.

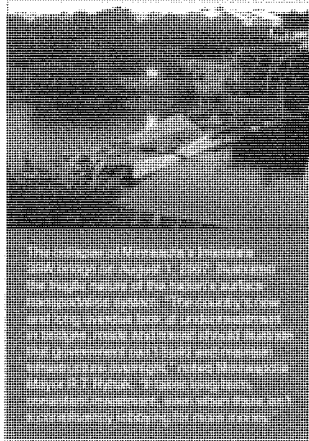
In our view, the United States could lay claim to best-in-class status in surface transportation when all of the following statements hold true:

- Facilities are well maintained
- Mobility within and between metropolitan areas is reliable
- Transportation systems are appropriately priced
- Traffic volumes are balanced among roads, rails and public transit
- Freight movement is an economic priority
- Safety is assured
- Transportation and resource impacts are integrated



- Travel options are plentiful
- Rational regulatory policies prevail

Speaking more broadly, we envision a surface transportation system where funding and function are inextricably linked. When making investments — and we do believe that substantial new transportation investments will be required — we must demand results, the kind of results that can be estimated in rigorous benefit-cost analyses and tracked by means of performance-based outcomes. We envision a system where needed transportation improvements can be designed, approved and completed quickly, and without unnecessary delays. We see a system that is fully integrated by mode (rail, road and highway), and which provides mobility to all users (urban commuter, rural resident, freight hauler). The transportation system we seek is environmentally sensitive, energy-efficient and technologically up-to-the-minute. And, above all, we envision a transportation system that fosters economic development and spurs



output and productivity growth at levels never seen before in history.

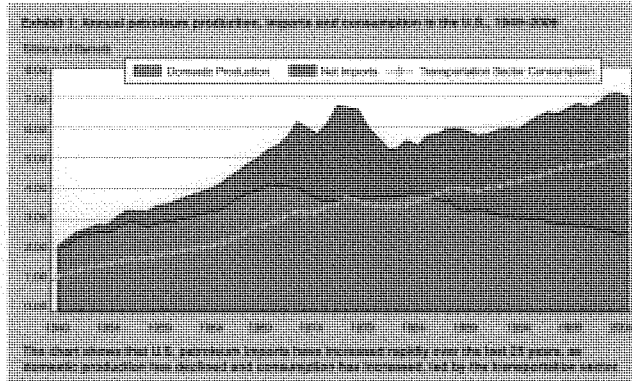
In other words, and as we said initially, we think it should be the goal of this nation to *create and sustain the pre-eminent surface transportation system in the world.*

Today's Problems

Conditions on America's surface transportation systems — our roads, bridges and highways, our passenger and freight rail facilities, our public transit networks — are deteriorating. In some cases, the physical infrastructure itself is showing the signs of age. In almost all cases, the operational efficiency of our key transportation assets is slipping, and we have no agreed upon methods or solutions to restore them to an optimal level of utility.

Highway congestion, especially in our larger metropolitan regions, exacts a heavy toll on commuters and their families, and on the businesses that rely on highways to get their products to market. In figures compiled by the Texas Transportation Institute, congestion cost the American economy an estimated \$78 billion in 2005, measured in terms of wasted fuel and workers' lost hours. Congestion caused the average peak-period traveler to spend an extra 38 hours of travel time and consume an additional 26 gallons of fuel. Yet, we do not yet have a clear, nationally sanctioned strategy for breaking gridlock's chokehold on our economy and quality of life. Contributing to the scale of the problem is a deeply entrenched over-reliance on the personal automobile for travel in urban corridors. Strategies to shift more trips to public transit will play a large role in any forward-thinking efforts to reduce congestion. Similarly, intercity passenger rail offers opportunities to reduce the reliance on the auto for longer-haul trips. In many places, we also will need new highway capacity as well.

Travel on the nation's surface transportation system is far too dangerous. Highway travel, in particular, must improve its safety record. In 2006, over 42,000 people lost their lives on American high-



ways, and almost 2.6 million were injured. Highway travel accounts for 94 percent of the fatalities and 99 percent of the injuries that occur on all surface transportation facilities. Although fatality and injury rates have fallen on a total-miles-driven basis, these numbers are still unacceptably high.

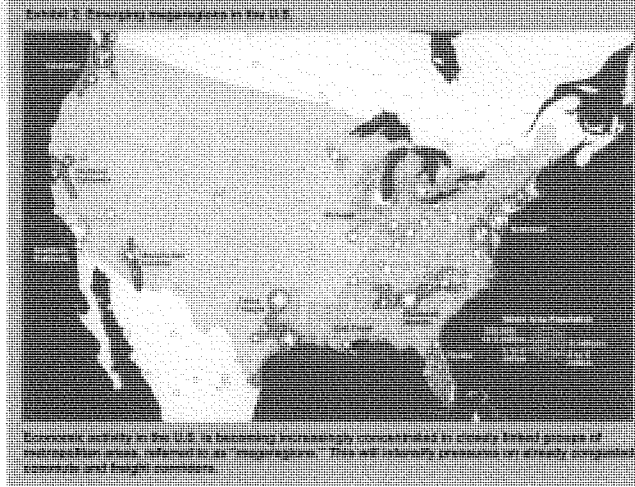
Energy security has become a critical transportation issue. The nation's mobility is largely dependent on gasoline and diesel fuel, and the transportation sector as a whole accounts for two-thirds of U.S. petroleum use (see Exhibit 1). The steeply rising cost and unreliable supply of oil puts great strains on American households and businesses, and the greenhouse gases emitted when oil products are burned are now recognized as a chief contributor to global warming. Transportation policy must work in tandem with energy policy to reduce reliance on petroleum fuels and promote research on alternatives.

Because the nation lacks a clearly articulated transportation vision to guide investments — and an objective, performance-based method of assessing

individual projects — investment decisions are often made for political rather than good planning reasons. Congressional earmarking of transportation improvements increased from 10 projects in 1982 to more than 6,300 projects in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU, for short), passed in 2005. Similarly, private sector transactions that affect the nation's publicly owned transportation network must be accomplished in a transparent manner, so that the public is confident their interests are protected.

Future Challenges

Over the next 50 years, the population of the United States will grow by some 120 million people, greatly intensifying the demand for transportation services by private individuals and by businesses. Most of that growth will occur in metropolitan areas (see Exhibit 2). Because it is unlikely that the transportation supply side can keep up with all of this growth, congestion will



Source: Regional Plan Association

increase and spread beyond the traditional morning and evening rush hours to affect ever-lengthening periods of each day.

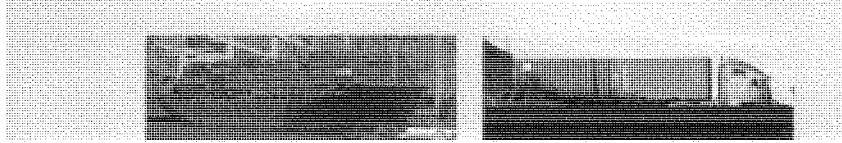
If, as expected, the world economy grows and becomes more globally integrated during the next half-century, the U.S. will experience higher trade volumes and greater pressures on its international gateways and domestic freight distribution network. Economic forecasts indicate that freight volumes will be 70 percent higher in 2020 than they were in 1998 (see Exhibit 3). Without improvements to key goods-movement networks, freight transportation will become increasingly inefficient and unreliable, hampering the ability of American businesses to compete in the global marketplace.

Any effort to address the future transportation needs of the United States must come to grips with the sobering financial reality of such an undertaking. Estimates indicate that the U.S. needs to invest at least \$225 billion annually for the next 50 years to upgrade our existing transportation network to a good state of repair and to build the more advanced facilities we will require to remain competitive. We are spending less than 40 percent of this amount today, and the current fuel-tax-

based revenue mechanisms probably cannot be relied upon alone to raise the needed sums.

The impact of transportation projects on the environment will properly be given increased attention in the future. Plans and projects to improve transportation cannot be made at the expense of the nation's environment, and the costs associated with protecting the environment must be considered, and funding for mitigation committed, during the planning and environmental scoping process. The drive for cleaner fuels and greater energy security also will be an increasingly important factor in the development of future transportation plans and programs at the national level.

At the same time, overly onerous and procedure-bound environmental review processes can often serve to delay the speedy and cost-conscious delivery of important transportation improvements. Major highway projects take about 13 years from project initiation to completion, according to the Federal Highway Administration, and Federal Transit Administration figures indicate that the average project-development period for New Starts projects is in excess of 10 years. That is simply too long. Without diminishing environmental safe-



guards, it will be essential to reform and streamline certain environmental review requirements to ensure that the large sums that must be spent to improve transportation are not made larger still due to delay and the consequent inflation of project costs.

Recommendations For Reform

The surface transportation system of the United States is at a crossroads. The future of our nation's well-being, vitality, and global economic leadership is at stake. We must take significant, decisive action now to create and sustain the pre-eminent surface transportation system in the world. Here are some of the key elements of what needs to happen.

Increased Investment

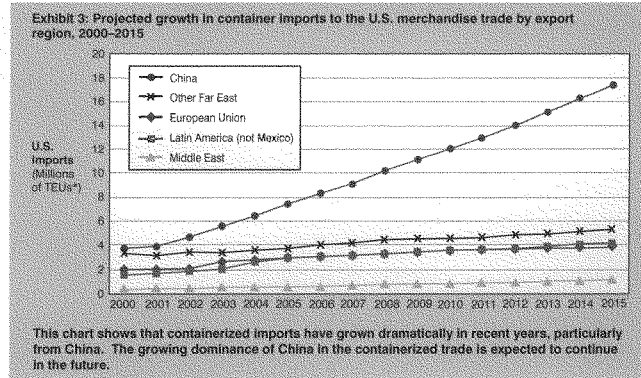
To keep America competitive, we are recommending a significant increase in investment in our national surface transportation system. The projected funding shortfalls — to maintain our existing

systems and expand capacity where necessary to meet the challenges of the 21st century — are enormous and ominous. To close this investment gap, we will need increased public funding. We will also need increased private investment. More tolling will need to be implemented and new and innovative ways of funding our future system will need to be employed. And we will need to price for the use of our system, which will help reduce investment needs.

Federal Government a Full Partner

We are recommending that the federal government be a full partner — with states, local governments and the private sector — in addressing the looming transportation crisis. The problem is simply too big for the states and local governments to handle by themselves, even with the help of the private sector. We believe that the federal government must continue to be a major part of the solution.

And it's not just that the problem is big. The federal government has a strong interest in our national surface transportation system. This system is of vital importance to our economy, our national





defense and our emergency preparedness. Our transportation network is critical to the interstate and regional movement of people and goods, economic growth, global competitiveness, environmental sustainability, safety, and our overall quality of life.

A New Beginning

In addition to putting more money into the system, we also must create a system where investment is subject to benefit-cost analysis and performance-based outcomes. We need a system that ensures each project is designed, approved and completed quickly; one that provides a fully integrated mobility system that is the best in the world; one that emphasizes modal balance and mobility options; one that dramatically reduces fatalities and injuries; one that is environmentally sensitive and safe; one that minimizes use of our scarce energy resources; one that eases wasteful traffic delays; one that supports just-in-time delivery; and one that allows economic development and output more significant than ever seen before in history.

In order to accomplish these objectives, we have concluded that major changes will be necessary.

We believe that the federal surface transportation program should not be reauthorized in its current form. Instead, we should make a new beginning. Here are the key elements of the new beginning we recommend for the next authorization bill.

First, we are recommending that the federal program should be performance-driven, outcome-based, generally mode-neutral, and refocused to pursue objectives of genuine national interest. More specifically, we are recommending that the 108 existing surface transportation programs in SAFETEA-LU and related laws should be replaced with the following 10 new federal programs:

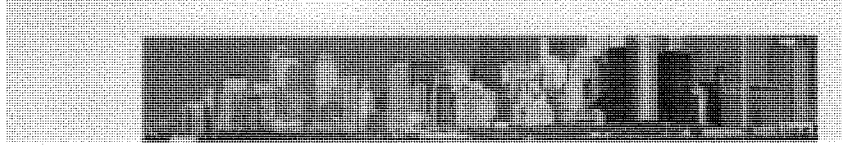
- **Rebuilding America** – state of good repair
- **Global Competitiveness** – gateways and goods movement

- **Metropolitan Mobility** – regions greater than 1 million population
- **Connecting America** – connections to smaller cities and towns
- **Intercity Passenger Rail** – new regional networks in high-growth corridors
- **Highway Safety** – incentives to save lives
- **Environmental Stewardship** – both human and natural environments
- **Energy Security** – development of alternative transportation fuels
- **Federal Lands** – providing public access on federal property
- **Research and Development** – a coherent national research program

US DOT, state and regional officials, and other stakeholders would establish performance standards in the federal program areas outlined above and develop detailed plans to achieve those standards. Detailed cost estimates also would be developed. These plans would then be assembled into a national surface transportation strategic plan.

Federal investment would be directed by the national surface transportation strategic plan. Only projects called for in the plan would be eligible for federal funding. And all levels of government would be accountable to the public for achieving the results promised.

The Commission acknowledges that these recommendations represent a major departure from current law. The federal program has evolved into what is now essentially a block grant model, with little accountability for specific outcomes. Developing performance standards and integrating them into a performance-driven regimen will be challenging but we believe the rewards will be worth the effort. In addition to making better use of public moneys to accomplish critical national objectives, the Commission's recommended approach of performance standards and economic justification would do much to restore public confidence in the transportation decision-making process. In such an environment, we believe Congress and the



public would be more amenable to funding the nation's transportation investment needs.

Second, we are recommending that Congress establish an independent National Surface Transportation Commission (NASTRAC), modeled after aspects of the Postal Regulatory Commission, the Base Closure and Realignment Commission, and state public utility commissions. The new federal commission would perform two principal planning and financial functions:

The NASTRAC would oversee various aspects of the development of the outcome-based performance standards in the federal program areas outlined above and the detailed plans to achieve those standards, and it would approve the national transportation strategic plan.

Once the national strategic plan has been approved, the NASTRAC would establish a federal share to finance the plan and recommend an increase in the federal fuel tax to fund that share, subject to congressional veto.

Third, the project delivery process must be reformed by retaining all current environmental safeguards, but significantly shortening the time it takes to complete reviews and obtain permits. Projects must be designed, approved and built as quickly as possible if we are to meet the transportation challenges of the 21st century.

Paying the Bill — "There Is No Free Lunch"

Policy changes, though necessary, will not be enough on their own to produce the transportation system the nation needs in the 21st century. Significant new funding also will be needed. We list our major revenue recommendations below.

First, we are making the following general recommendations:

- It is imperative that all levels of government and the private sector contribute their appropriate shares if the United States is to have the

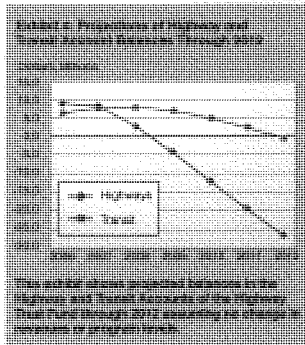
pre-eminent surface transportation system in the world.

- We strongly support the principle of user financing that has been at the core of the nation's transportation funding system for half a century.
- We are recommending continuation of the budgetary protections for the Highway Trust Fund, so that user fees benefit the people and industries that pay them.

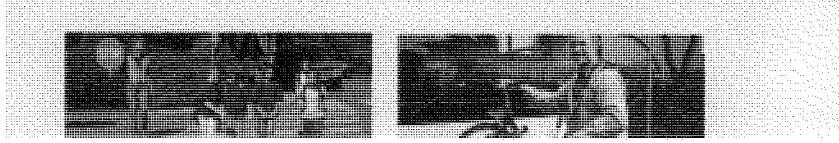
Second, we recommend that legislation be passed in 2008 to keep the Highway Account of the Highway Trust Fund solvent and prevent highway investment from falling below the levels guaranteed in SAFETEA-LU (see Exhibit 4).

Third, we are making the following specific recommendations with respect to transportation funding in the period between 2010 and 2025:

- As noted above in "Future Challenges," the annual investment requirement to improve the condition and performance of all modes of surface transportation — highway, bridge, public transit, freight rail and intercity passenger rail — ranges between \$225–340 billion. The range depends upon the extent of



Source: U.S. Department of the Treasury projections.



peak-hour pricing implemented on congested urban highways in lieu of physical capacity expansion. To address this investment target by providing the traditional federal share of 40 percent of total transportation capital funding, the federal fuel tax needs to be raised by 25–40 cents per gallon. This increase should be phased in over a period of five years (5–8 cents per gallon per year). This rate increase should be indexed to the construction cost index.

- We are also recommending other federal user-based fees to help address the funding shortfall, such as a freight fee for goods movement projects, dedication of a portion of existing customs duties, and ticket taxes for passenger rail improvements. Tax and regulatory policy also can play an incentivizing role in expanding freight and intermodal networks.

- In addition, we are recommending that Congress remove certain barriers to tolling and congestion pricing, under conditions that protect the public interest. This will give states and local governments that wish to make greater use of tolling and pricing the flexibility to do so. More specifically, we are recommending that Congress modify the current federal prohibition against tolling on the Interstate System to allow:
 - tolling to fund new capacity on the Interstate System, as well as the flexibility to price the new capacity to manage its performance; and
 - congestion pricing on the Interstate System (both new and existing capacity) in metropolitan areas with populations greater than 1 million.

- We are recommending that Congress encourage the use of public-private partnerships, including concessions, for highways and other surface transportation modes. Public-private partnerships can serve as a means of attracting additional private investment to the surface transportation system, provided that conditions are included to protect the public interest and the movement of interstate commerce.

- State and local governments have many different types of revenues to draw upon for their share of new investment. They likely will have to raise motor fuel, motor vehicle, and other related user fees. In addition, many may take advantage of the expanded opportunities in tolling, congestion pricing and public-private partnerships that our recommendations propose.

Fourth, we are making the following specific recommendations for transportation funding in the post-2025 era:

- The motor fuel tax continues to be a viable revenue source for surface transportation at least through 2025. Thereafter, the most promising alternative revenue measure appears to be a vehicle miles traveled (VMT) fee, provided that substantial privacy and collection cost issues can be addressed. The next authorization bill should require a major national study to develop the specific mechanisms and strategies for transitioning to the VMT fee or another alternative to the motor fuel tax to fund surface transportation programs.

“Let’s Get Moving”

We believe that a strong transportation system is important enough to mount a large-scale effort for change; indeed we believe it is vital to the economic future of the nation and the well-being of its citizens. *Transportation for Tomorrow* presents a case for fundamental reform that we believe is compelling — and that we hope is persuasive. We invite you to join us as we take actions to turn our recommendations into reality. It is time to deliver to the people of this nation a simple but meaningful message: “Let’s get moving.” Together, we can.



www.transportationfortomorrow.org

PRINTED ON RECYCLED PAPER

Senator BOXER. I wish I looked like Lauren Bacall too.
[Laughter.]

Senator BOXER. You cannot always get what you want.

OK. Our last speaker—and certainly not least—is Ms. Anne Mayer, executive director, Riverside County Transportation Commission.

For the benefit of our visitors, we have what we call an inland empire, and this is what happens. They get the results of—you know, we get the goods coming into Los Angeles and Long Beach and they go through the country through the inland empire. Now that my home is in Riverside County, I see the results of what that means. We have huge trucks beating up Interstate 10. The smog is fierce. It is really tough.

I am really glad you are here because we sometimes overlook the inland empire, but no more. So we welcome you, Ms. Mayer.

**STATEMENT OF ANNE MAYER, EXECUTIVE DIRECTOR,
RIVERSIDE COUNTY TRANSPORTATION COMMISSION**

Ms. MAYER. Thank you very much. That was quite a welcome, Senator Boxer. I appreciate your comments about the inland empire.

Chairman Mica and members of the committee, we certainly appreciate the opportunity to join you today.

I am Anne Mayer, the executive director of the Riverside County Transportation Commission, and like some of the others, I am also wearing two hats today. I am the chair of the Self-Help Counties Coalition in California, representing the 19 counties who have voter-approved sales tax measures to fund transportation programs.

We had a lot of conversation today about TIFIA, and I will sound a little bit like a broken record, but I think this issue is so very, very important it bears repeated emphasis. For agencies like mine and others throughout the country, who have projects ready to go and who have our own revenue streams, a very simple message. expand and enhance the TIFIA program now. This program is far too limited for the massive amount of jobs that can be created and the mobility goals that can be achieved.

A couple of specific recommendations. The first one is to expand the size of the TIFIA program immediately. It has a tremendous return. You have heard discussions today. For every dollar that is invested, you can get 10 times that in return in leverage of locally sponsored funding.

Also, allow up to 50 percent of the project costs to be covered by TIFIA, including 100 percent of the preconstruction costs. Raising this cap provides flexibility for agencies to finance large projects.

Third, ensure that TIFIA loans are made based on creditworthiness and on the project's contribution to regional and national mobility systems. Southern California's transportation network is extremely diverse and complex. Yet, each piece is dependent on the other, and together all modes function as a system that keeps our region's and Nation's economy moving. TIFIA should be responsible to all of them. While San Bernardino may need a truck lane, while Los Angeles may need a subway, San Diego needs a border crossing, Riverside needs a major highway improvement, if one of these

projects does not happen, our whole system fails, and when Southern California fails, the rest of the Nation fails. TIFIA cannot prefer one mode over another and must remain true to Congress' original intent: a financial tool based on creditworthiness for projects with major impacts on regional and national mobility.

The final recommendation for TIFIA is to allow TIFIA applications to pay some or all of the credit subsidy. Jobs are delayed when creditworthy projects—creditworthy and shelf-ready projects—are rejected from TIFIA because the program budget is too small. Self-help counties like Riverside have revenue streams that can supply the credit subsidy for otherwise worth projects.

I believe all of these reforms would have broad support and benefit countless projects, but there is a very real example right here next to Los Angeles in Riverside County that I would like to highlight.

The State Route 91 Corridor Improvement Project is a \$1.3 billion extension of the Orange County 91 express lanes through one of Southern California's most notorious corridors. With a TIFIA loan, using design, build, construction, this project can go to construction next year, putting those workers Mr. Hunter talked about back to work again. 18,000 jobs can be created. \$2 billion worth of economic output can be generated for California. We could save millions of gallons of gasoline and save commuters time. All of these can be achieved with a minimal Federal investment in a TIFIA partnership. I call that a good buy, but when a project like this will need to sit on a shelf because only four or five projects like it will be competitive in a program with probably a good three dozen applicants in a TIFIA round, that is certainly not a benefit for any of us.

This issue is important, not only to those of us in the transportation world, but also to those in the communities we serve. Today, the Riverside Press Enterprise had significant coverage on TIFIA on the 91 project, an editorial, an op-ed piece written in a bipartisan fashion from Assemblyman Jeff Miller, as well as Assemblywoman Bonnie Lowenthal. We can see a great deal of bipartisan focus on getting these jobs, getting people back to work as soon as possible.

Another issue that I would like to briefly mention is the issue of goods movement. We cannot let that go unnoticed. I would like to highlight H.R. 526 by Congressman Ken Calvert. This bill is also known as the ON TIME Act and provides a sensible means of providing needed funding for goods movement projects. You talked a lot today about needing a national freight policy and developing a goods movement program. This bill, as submitted by Congressman Calvert, and other bills like it by many other Members, have gone to the wayside. It is important that a bill of this type move forward so we can address our goods movement challenges throughout the county.

In closing, thank you very much for conducting this hearing in Southern California, and I appreciate your leadership in addressing transportation policy.

Thank you.

[The prepared statement of Ms. Mayer follows:]

Improving and Reforming our Nation's Surface Transportation Programs
To Support Job Creation and the Economy
Los Angeles, CA
February 23, 2011
Anne Mayer, Executive Director
Riverside County Transportation Commission

Good Morning Chairman Boxer, Chairman Mica and committee members. I am Anne Mayer, Executive Director of the Riverside County Transportation Commission. I am also Chair of the Self-Help Counties Coalition, which represents the 19 counties in California who have voter-approved transportation sales taxes programs. Thank you for conducting this meeting in Southern California and inviting me to speak before you today.

Southern California is so important as a region and so vast in terms of its size and impact that you could be here for weeks listening to our region's input on how vital the transportation network is to our future. It is vital not only to ensure workforce mobility but also to maintain and grow our vibrant economy.

The Southern California transportation network of highways and railways is an integrated system that is only as healthy as its weakest link. A failure on one part of the system impacts the entirety of the network. Our collective, proactive planning efforts have identified system needs in the billions of dollars. While many of us have significant locally generated sales tax revenues, it is also imperative that we have access to federal innovative financing programs such as TIFIA. As has become very clear in the past few years, the current program is insufficient to support the financing of critical infrastructure improvements. Improvements needed now; mobility needed now; jobs needed now.

Expand and Enhance TIFIA Now

I have one clear message for Congress on behalf of Riverside County, and I am sure on behalf of self-help counties and agencies across the country who have revenue streams and projects that are ready to go: *expand and enhance the TIFIA program now*. This program works and is far too limited for the massive amount of jobs that can be created, and the mobility goals that can be achieved for this country.

Let me offer several specific recommendations:

1. Expand the size of the TIFIA program immediately. TIFIA is one of the only programs where you can say that for every federal dollar -- ten more private, local, or state dollars are invested.
2. Allow up to 50% of project costs to be covered by TIFIA, including 100% of all pre-construction costs. Today, only one-third of project costs can be covered by TIFIA; raising this cap provides greater flexibility for agencies to finance large projects.
3. Ensure that TIFIA loans are made based on credit-worthiness and the project's contribution to a regional and national mobility system. Southern California's transportation network is extremely diverse and complex, yet each piece is dependent on the other and together all modes function as a system that keeps our region's -- and nation's economy moving. **TIFIA should be responsive to all of them.** Whereas L.A.

may need a subway and San Bernardino needs a truck corridor, and San Diego needs a border crossing, Riverside needs a major highway improvement. If one of these projects doesn't happen, our entire regional system fails. When Southern California fails, the rest of the nation fails. TIFIA cannot prefer one mode over another and must remain true to Congress' original intent: a financial tool based on credit-worthiness for projects with major impacts on regional and national mobility.

4. Allow TIFIA applicants to pay some -- or all -- of their credit subsidy. Jobs are delayed when credit-worthy, shelf-ready projects are rejected from TIFIA because the program budget is too small. Self-help counties like Riverside have revenue streams that can supply the credit-subsidy to otherwise worthy projects. In essence, I am suggesting that I be allowed to pay my own way into the program if my project is worthy at ZERO cost to the federal government. I believe this has the potential to revolutionize TIFIA.
5. Eliminate the "Springing Lien" provisions of the program, which have the potential of nullifying the subordinate debt status of TIFIA credit.

I believe all of these reforms will have broad national support and benefit countless projects; however, let me give you a very real example of a project close to home that can benefit from these ideas.

The State Route 91 Corridor Improvement Project is a \$1.3 billion extension of Orange County's *91 Express Lanes* through one of Southern California's most notorious corridors. It is paid for entirely by local taxpayer dollars. With a TIFIA loan it can go to construction by early next year. 18,000 jobs can be created in the near term while adding \$2 billion of economic output to California; save million of gallons of gasoline, and save the average commuter 75 hours per year of sitting in congestion. All of this can be achieved with only a \$44 million TIFIA partnership. I call that a "good buy." However, the 91 Project must compete to be one of only 4 or 5 projects that will be selected out of more than 3 dozen others around the country.

On March 1st we are submitting a TIFIA program Letter of Interest seeking a loan that will enable the 91 Project. The 91 Project has big impacts on California jobs and our livable communities. The 91 corridor is the mobility artery between Riverside, Orange and Los Angeles Counties. It also provides an important link to the rest of the Southwestern United States by connecting to Interstates 10 & 15.

This project is a poster child for the TIFIA program and a great example of the kind of investment crucial to our economy and creation of jobs. The TIFIA reforms mentioned earlier would ensure that this project can move forward without delay. More importantly, with greater access to this financial tool, agencies like mine will be more likely to invest our own local dollars on innovative and ambitious projects that I believe Congress wants us to do. The 91 Project is but one important example of many around the country, and I hope that you will consider adopting these changes as soon as possible. Moreover, our project is ready and could break ground next year. The economy has hit Riverside County especially hard and we continue to suffer from double-digit unemployment rates, and investment in better infrastructure will certainly bring a welcome return.

Riverside and San Bernardino Counties will continue to grow faster than the rest of California; this is an unavoidable fact and something that we openly embrace. Over 40% of all job growth in California between 2000 and 2006 occurred in Riverside and San Bernardino Counties.

Providing affordable housing is also an important goal, and with median home values at \$200,000 Riverside County has done so for many in the L.A. basin.

Sustainability and Environmental Goals Can be Met by Highway Projects

In terms of sustainability and the environment we can speak authoritatively that for Southern California, livability includes having a job and being able to get there without insufferable congestion; having options to use express lanes, express bus service, commuter rail, or ride-sharing. Sustainability and smart long-term planning is an important priority in shaping our communities. Senator Boxer has been an unwavering advocate and champion of reducing harmful emissions, protecting air quality and preserving sensitive habitat. When it comes to this issue, there are few better places than Riverside County for your committee to consider. Over a decade ago, Riverside County responded to its sharp population growth by launching the Riverside County Integrated Project (RCIP). This comprehensive planning effort incorporated transportation, housing and the environment together into one blueprint. Measure A has contributed over \$130 million to a key component, the Multi-Species Habitat Conservation Plan (MSHCP). To this day, the Riverside County MSHCP is the largest and most comprehensive of its kind in the nation. This integrated effort pays dividends to the environment, and also to our region's infrastructure and the drivers who use it.

Goods Movement Improvements Must Remain a Priority

Finally, I would like to briefly raise a long-standing issue that should not be forgotten just because of the downturn in the economy. Just as I spoke earlier Southern California's multi-modal network, one integral piece of that network is goods movement. I would like to highlight H.R. 526 by Congressman Ken Calvert. This bill is known as the ON TIME Act and provides a sensible means of providing needed funding for goods movement projects and does so in a way that will not unfairly impact economic activity, consumers or our nation's competitive standing. While there has been general agreement that there needs to be greater investment in freight-related infrastructure, Congress has yet to advance this legislation or similar bills. Given Southern California's role in international commerce, please consider H.R. 526 and the need to make freight investments a top priority.

The issue of goods movement is certainly relevant to the challenges faced by Riverside County on the 91 Freeway but also provides an important economic opportunity. The 91 corridor is one of three primary freight routes between the Port of Los Angeles and Port of Long Beach (POLA/POLB) and I-15 and I-10 (Figure 5). More than 40% of the nation's imported goods enter the United States through the POLA/POLB, which are then distributed to throughout the country. United States container traffic doubled over the past decade and is expected to nearly triple by 2030 according to studies completed in July 2009.

Southern California's rail lines and highways are already heavily congested, and with an expected 25% increase in regional population by 2030, port-related congestion problem will only get worse and will hit the 91. A recent study published by the United States Department of Transportation (USDOT) Bureau of Transportation Statistics identified traffic bottlenecks on the landside transportation system serving the nation's seaports as a critical impediment to the efficient movement of goods.

In 2005, the most recent year for which data on port freight activity and landside traffic delay are available, the POLA/POLB was the largest port in the United States and, at the same time, suffered from the worst congestion in the nation, averaging approximately 72 hours of annual traffic delay per traveler. Nowhere is this more evident than on SR-91, which has the worst peak-hour congestion of the three primary routes serving the POLA/POLB.

– POLA/POLB Freight Travel Time Comparison

POLA/POLB to I-15 East (Devore)	Distance	Travel Time (Off-Peak)	Travel Time (Peak)
Via I-10	75 miles	1:20	2:50
Via SR-91	78 miles	1:23	3:30
POLA/POLB to I-10 East (Banning)			
Via I-10	98 miles	1:45	3:10
Via SR-91	94 miles	1:42	3:40

H.R. 526 will generate a new source of funding for freight-related infrastructure, which is needed to avoid the potential of overwhelming mobility, environmental and sustainability improvements that are being contemplated in the new surface transportation authorization bill. In considering the passage of a new bill, I would urge that the expansion of the TIFIA program combined with an added funding source such as what is contemplated in H.R. 526 could be critical in addressing transportation needs in areas that play an important role in the nation's economy – Southern California being a prime example.

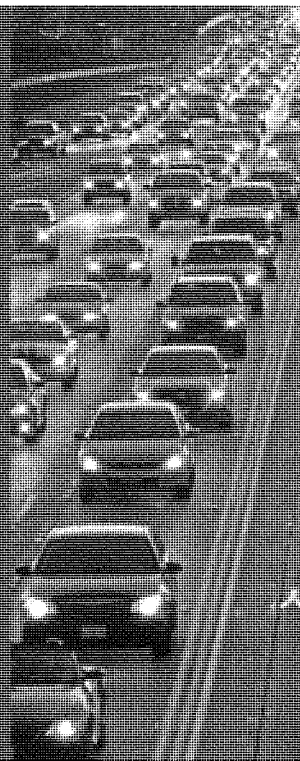
In summary, self-help agencies like RCTC and the 18 other counties in California, as well as regional agencies across the country, have a proven track record of delivering projects that create jobs and meet federal policy goals if only they are given the tools and resources to do so. We know local and regional needs; we manage our system very well with what we have. We help ourselves as much as we can in spite of perennial state deficits and an uncertain federal future. However, this cannot go on forever. Federal partnership is needed, and needed now. Ambitious efforts by RCTC and other self-help agencies have accelerated projects so that many are ready for construction, but cannot proceed unless there is a federal component. Keep in mind that federal “partnership” doesn't always mean we are looking for a hand-out from Uncle Sam – although we will never turn down the opportunity to receive that kind of support. Financial tools to leverage our own revenue streams will make the most of limited funds, ensuring job creation, congestion reduction, and environmental stewardship. Stepping up and taking responsibility for a truly federal issue in international and interstate commerce will pay huge dividends by bolstering America's economic competitiveness. I encourage Congress to find common ground on a surface transportation bill now. Give us the tools; we are ready to go.

In closing I want to thank you once again for conducting this hearing in Southern California and for your leadership in advancing our nation's transportation policy.

Southern California's ability to get to work, home, and strengthen its communities depends on the 91 Project.

The project will:

- Create jobs**
- Connect urban centers**
- Leverage \$1 billion in local dollars**
- Give Southern California a livable commute**



The 91 Project is the biggest "bang" for the federal buck in 2011. A TIFIA loan of \$435 million will generate \$1.3 billion of job-creating infrastructure on Southern California's most congested corridor. SR-91 connects Southern California's three major markets; the regional economy is at stake.

We need U.S. DOT help—NOW.

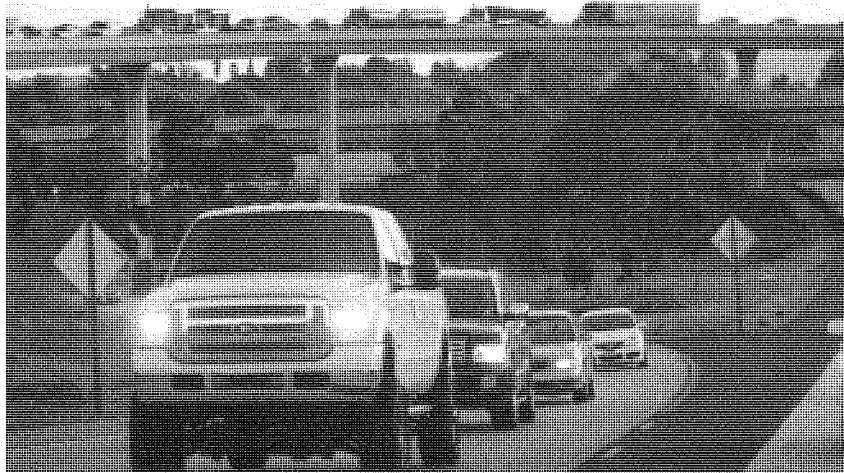


91 Project TIFIA Application

The 91 Project has BIG impacts on California jobs and livable communities

Even if Riverside County never added another person, this freeway still needs fixing. The reality is we are going to grow—a lot—and all of California needs us. Inland Southern California generated 42% of ALL jobs created in California between 2000 and 2006.* We are the state's economic future—not a bedroom community. SR-91 is the route that connects coastal and inland job centers.

A TIFIA loan will enable a \$1.3 billion LOCAL investment that has voter backing and bipartisan political support.



TRANSPORTATION BENEFITS:

We have the 7th worst commute in the nation, for areas under 3 million people, congested 78% of the time with 8 hours of congestion a day.**

We waste 33 million gallons of gas and 39 million hours stuck in traffic at a cost of \$1.3 billion.**

The 91 Project will give Southern California mobility options and means goods and people can move reliably in the nation's largest consumer market. The 91 Project is necessary to enhance existing and planned expansions of bus and rail in the corridor.

* University of California, Riverside-The Anderson Graduate School of Management
 ** Texas Transportation Institute, 2010 Annual Urban Mobility Report

JOB
 1,325 jobs per year in Riverside County
 124 jobs per year throughout California
 7,500 jobs per year

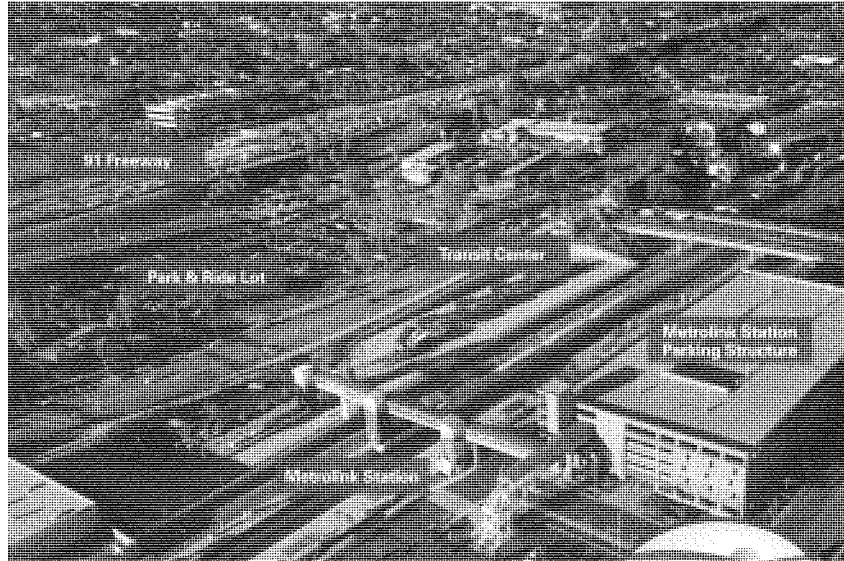
PLUS
 947 jobs per year from additional retail sales

ECONOMIC BENEFITS
 \$2 billion in economic output throughout the state
 - \$276 million per year in direct, indirect, and induced spending in Riverside County
 - \$160 million per year in the rest of California

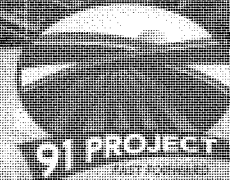
PLUS
 \$ 235 million value added per year created by the infrastructure investment
 \$ 170 million in labor income in Riverside County
 \$ 45 million in labor income in the rest of California
 \$ 73 million annual gain in taxable sales
 \$ 17 million per year in tax revenue to state and local governments
Source: Bureau of Economic Analysis

SOCIAL BENEFITS:
 Completion of the 91 Project will save the average Riverside County commuter 75 hours per year traveling to destinations in Orange and Los Angeles counties. In comparison, according to the Texas Transportation Institute, commuters in Orange and Los Angeles counties are stuck in traffic 65 hours per year.

VALUE OF TIMED SAVED:
 \$140 million/year by 2015
 \$190 million/year by 2020
 \$1.6 billion net present value



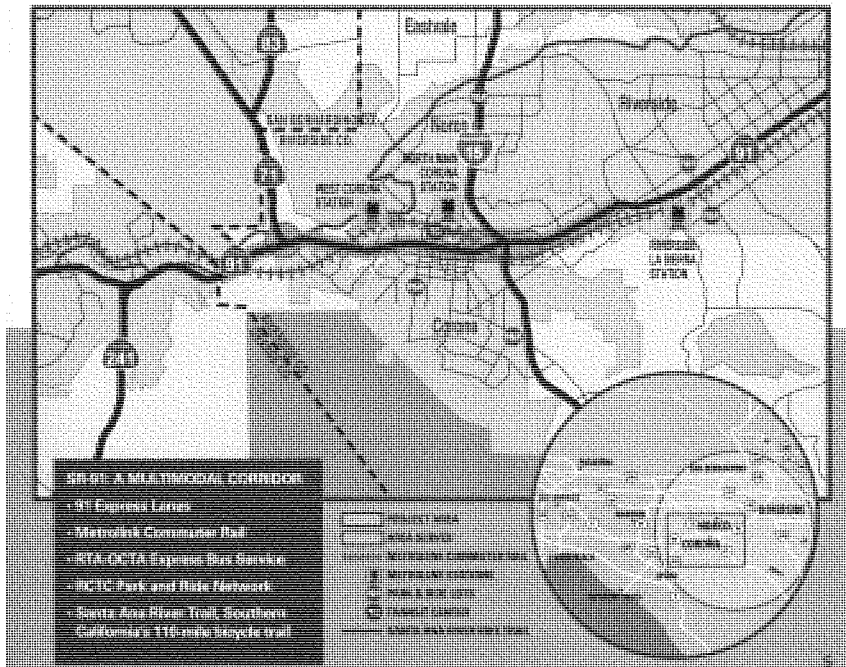
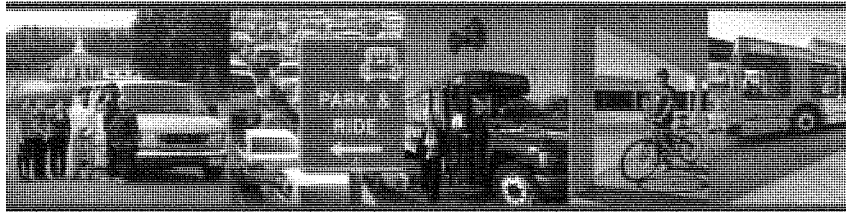
**The 91 Project:
Moving half a million people
through a narrow canyon**



91 PROJECT AT A GLANCE

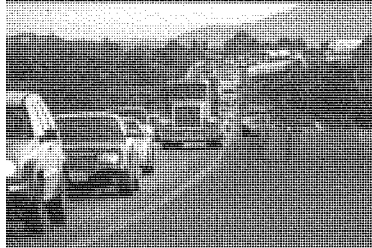
Expand the national freeway 91 project to 100 miles	Manage congestion, provide reliable travel, and maintain the ride-sharing.
Eliminate the toll plaza	Provide reliable travel and a more flexible corridor, opening access to downtown Corona.
Reduce congestion on I-15	Decrease congestion on the major goods movement corridor connecting Southern California to Nevada.
Expand local transit system	Improve access to local transit facilities including rail stations, park and ride, bus-rapidway, and buses.

Estimated Cost: \$1.3 Billion
(\$1.1 billion for 91 Project, \$200 million for transit)





LONG TERM AND CURRENT SUPPORTERS:



Transportation Agency:

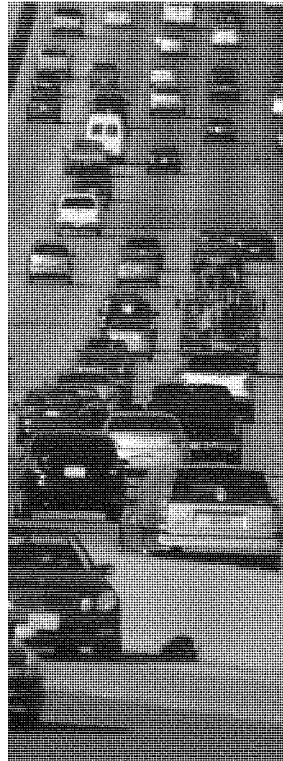


Transit Providers:



Local Governments etc:





Over the past 20 years, RCTC has completed all the steps to build the 91 Project.

The 91 Project is ready to go.


TIFIA is the next piece:

- Water approval for project funding and borrowing
- TCEQ feasibility studies
- State and Federal Tolling Authority
- Environmental outreach and preliminary engineering (Report of Decision in early 2012)
- Best Value Design-Build authority from the State Legislature
- TIFIA FINANCING


RCTC has completed the lion's share of the work to get the 91 Project ready for construction.

U.S. DOT's help by way of a TIFIA loan in 2011 is the only way to keep the 91 Project — and thousands of jobs — on schedule.



Business and Labor:



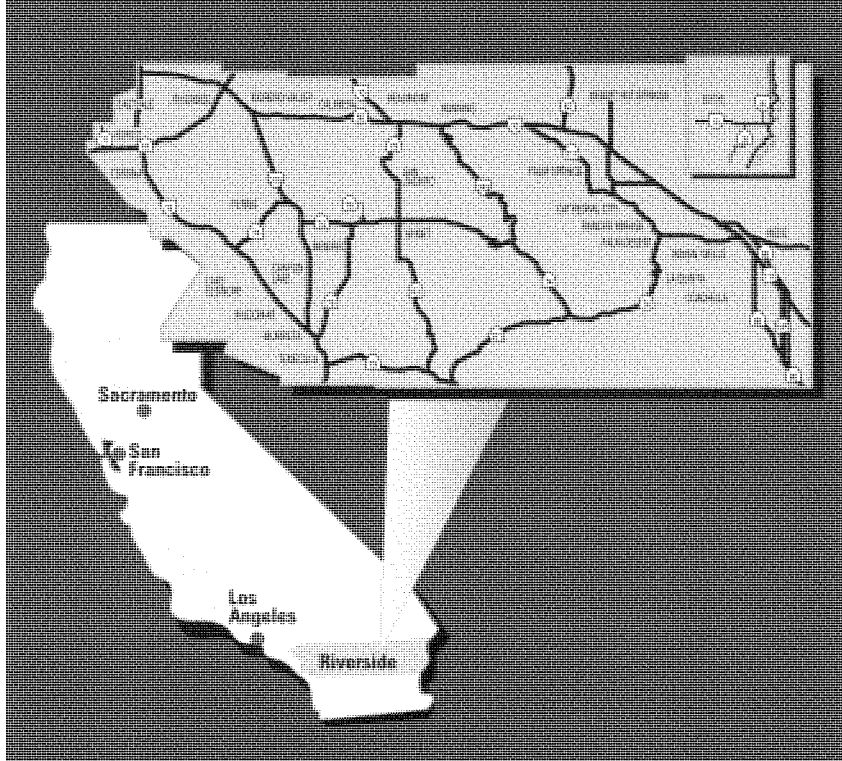
Regional Planning Agency:



Environmental Agency:



7



For more information contact:

Aron Meyer
Executive Director
951 787 7141
ameyer@rctc.org

Aaron Hahn
Government Relations Manager
951 787 7141
ahahn@rctc.org

951 787 7141 • www.rctc.org • 951 787 7141
4080 Lemon Street, 3rd Floor • P.O. Box 11008 • Riverside, CA 92502-1008



© 2008 Riverside County Transportation Council

Senator BOXER. Thank you so much.

What we are going to do now is I have a comment and a question. I only have one question and one comment. Then I am going to turn the gavel back to Chairman Mica to conclude our hearing. We have about an hour to question the panel, which is good.

So my comment is, first of all, I am so proud of every witness here. I just have to say you just make me so proud to represent this great State. The leadership that has come from this panel, believe me, is noticed.

I do not think anyone disagrees with this, but I want to sum up my feeling about this opportunity we have to expand TIFIA. Frankly, I think, Mayor, your number is way too modest a number because if we are going to do this on a national scale, we have to ramp it up dramatically. Chairman Mica and I were discussing this.

I want to particularly address this to my Republican colleagues who are here. The beauty of TIFIA is the projects are selected by the local people. They are the ones that say, we need this and we are putting our money behind our ideas. Or in some cases, it will be the private sector that says, we are ready to build this, we need to get a loan to do it. You just heard from our Riverside County witness, Ms. Mayer, about this. So the beauty of TIFIA is it is not Washington saying what ought to be done. It is the local people coming to us with the resources.

As I view the next bill, as we look at all the problems that we face, I thought, Steve, you expressed it very well on how it is a bizarre situation with our revenues.

I will give you another example. More and more of us are driving hybrid cars, electric cars. We are not paying any gas tax. We are paying nothing, some of us, because we never go to the gas station or we rarely go. It is not right.

We have to figure out ways. I do not have the answers. I have ideas, but every one of them is controversial because it is a new idea of a user fee. But we are going to try it.

But let us be honest here. In complete candor, the best thing is for us to leverage the dollars we have because that does not fend off any protests or problems. The TIFIA program is so underfunded. So I am looking at this and I do not think there is any disagreement, is there, on the panel, that this TIFIA program is something we ought to work on?

So my comment is I am going to call on all of you as we rewrite this law. I am very excited about it.

Again, I want to thank all of you who came to me on the 30/10 because without that, I would not have focused so much on it.

The only question I have to Ms. McKim is this because the chairman and I want to know a little bit more about the NEPA delegation pilot program. I am assuming what we did in SAFETEA-LU is say that we would have a pilot program so that the States could carry out the goals of NEPA. Is that correct? Could you tell us exactly how it worked?

Ms. MCKIM. The NEPA delegation gives Caltrans for the State of California the approval authority that previously rested at FHWA. One of the other speakers mentioned the CECWO program here in California is extremely stringent already. So we already

have a lot of built-in protections. So what it does is eliminates a duplicate process and enables us to have the approval authority here. FHWA does periodic audits to make sure that we are not ignoring the key provisions. So that is what is resulting—

Senator BOXER. OK. So just to sum that up, Mr. Chairman, we have something that we tried here in California—they all seem to think it is good—that said as long as you carry out the goals of NEPA, there is no point in having all these agencies coming in. It seems to me in our bill we ought to look at that as long as the State protections are strong because we do not want to give it to a State that has absolutely no environmental protections. But anyway, I think this is another area where we could speed things up.

Anyway, I want to thank you from the bottom of my heart and I will turn the gavel back to you.

Mr. MICA [presiding]. Well, thank you.

What we will do is hear from members. I have maybe a quick comment and then a quick question or two.

I think we have heard some great ideas. We need to take them back. I have offered to buy the beer and pizza for the members to sit down. Actually I have expanded that to diet Coke too or Pepsi, whatever preference—but sit down and take this and try to—

Senator BOXER. You are in California. What about a fruit shake? [Laughter.]

Mr. MICA. If I replied to that the way my brother-in-law who lives near San Jose refers to fruitcakes in California—

Senator BOXER. No, that was not what I meant at all.

[Laughter.]

Senator BOXER. I said a fruit shake.

Mr. MICA. OK. I am sorry.

Senator BOXER. Get it straight.

Mr. MICA. I did not say it.

Senator BOXER. Yes, you did.

Mr. MICA. We will have that fruit shake.

Senator BOXER. Thank you.

Mr. MICA. Actually, I will tell you I have been most impressed both in Fresno where we were yesterday and today with the quality of the comments and the positive manner in which everybody has approached our important responsibility here.

First, I have to take a little liberty. You do not mind if I ask the mayor if he swears to tell the whole truth and nothing but the truth. You do, do you not?

Mr. VILLARAIGOSA. We do.

Mr. MICA. Oh, good. Then I have one quick question for you. You will continue to help me try to bring fixed transit into the Los Angeles Airport.

Mr. VILLARAIGOSA. I actually was going to read that in my comments, but you told me not to read. But yes.

Mr. MICA. He said yes.

Mr. VILLARAIGOSA. Part of Measure R does include connecting the airport with the Green Line. In addition to that, Ms. Gina Marie Lindsay and our airport commissioner are looking at what we can do to address the people mover issue that you raised yesterday. Yes, I am going to go to Miami to see Miami Airport as well.

Mr. MICA. I must apologize to you publicly because I do give him a hard time every time I see him on that issue. But I think it is important. We have 68 million people landing there. It is one of the most important aviation centers in the world, if not the United States, and we have to make certain it has the most modern transportation connections. I pledge to work with you on that. That is out of order, but I wanted to say that.

Then let me turn to Ms. Phillips and also Ms. McKim. On the environmental, now Ms. Phillips, you said something about removing or repealing or cutting back environmental protections that we have and a lot of people have worked hard for and feel so committed to, which I think is important. But do you not think there is room, one, for, say, certification similar to maybe we have with a pilot project where you have environmental laws that are as strong, if not stronger than the Federal Government and not necessarily going back maybe precertification on the environmental front? Not every State has that or locale. But where that exists, not sort of reinventing the wheel and going back on the Federal process. Could you agree to something like that?

Ms. PHILLIPS. Yes.

Mr. MICA. No lesser standard.

Ms. PHILLIPS. Yes, no lesser standard. I will tell you that when Caltrans was having to do the State legislation to allow it to accept the delegation, we opposed but then we lost, which often happens. As Caltrans proceeded to implement that delegation, they made a really concerted effort at various points to reach out to us to make sure they were doing the right thing.

Mr. MICA. Do you feel that has been satisfactory?

Ms. PHILLIPS. I do think they have satisfied it. So I think extending that program makes sense. I do not think you would want to weaken it at all, but I think extending. I think California has been able to demonstrate that it works.

Mr. MICA. Well, again, the other thing too is we have done projects. For example, let me just close with this.

The replacement of the bridge that collapsed between Minneapolis and St. Paul. I was on the floor with Mr. Oberstar the day that happened, and people were killed. There was this unsafe bridge that was built 40 years ago. We replaced that bridge in 437 days. I stood on the bridge 2 weeks before it opened and said if we could do this project, we could do other projects within the same footprint.

Now, from an environmental standpoint too, what took place there is we—and from reconstructing the bridge—first, we put a safer bridge in. We did not have a safe bridge and people were killed. Forty years ago, they did not give a hoot about polluting the Mississippi River, mitigation, any of the environmental concerns that we have today. We actually replaced—and it would take 7 to 8 years, they told me, just to go through the normal process to get that new bridge in place. We replaced that bridge in the same footprint 7 to 8 years in advance. That means that we actually improved the quality of the Mississippi. We put in mitigation, environmental protections, and a safe bridge 7 to 8 years in advance.

So there has got to be benefit to the environment to speed these things up again in the same footprint. I would hope that you would

be willing to work with us to shorten the time, not to shorten the requirements or dilute them in any fashion. Would you do that?

Ms. PHILLIPS. Yes, because I think one of the things that we are very interested in is what Mr. Kempton has been talking about, and we have been working closely with him, a number of environmentalists. I think there is an opportunity here to have reasonable discussions and to come up with common sense solutions that still protect the environment and do not delay projects that are going to have long-term benefits.

Mr. MICA. Well, thank you.

Let me yield, if I may, to—let me see. We have Ms. Brown. We will go to Ms. Brown.

Ms. BROWN. Thank you very much.

I guess I have a couple of questions because I am very interested in two things. I do not know whether or not we need to develop in the bill a one-stop superfund process to expedite projects, super projects. It seems like you all have done some of this and you are talking about it. I would like to know more about it. I am sure you are going to give us the information in writing.

Mr. Mayor, I just returned from Salt Lake City, UT, and I was very impressed with their commuter rail. You know, it is just an hour and a half from here. I just left there yesterday—and how they are moving people and how 46 mayors up and down the coast that worked together on these projects and how they were able to expedite them in less than 3 years. So those are the kinds of programs that we are looking at, how can we expedite it and unify it. Other countries have done it, and we have to be able to do it so we can put people to work.

I want more information about your 30/10 Plan also.

Mr. VILLARAIGOSA. Well, let me just say we have talked a lot about infrastructure—and that is important—and transportation and moving people and goods. The other very important and maybe the most important aspect of acceleration of these kinds of programs and leveraging Federal dollars are the jobs that they create, you know, when you are looking at nearly a million jobs, by the way, with just going to \$375 million.

I just want to make it absolutely clear I used that number because I heard that was the number that there was a lot of discussion around. We would support a much larger program than that. Please understand that. I want to be clear about that.

[Applause.]

Mr. VILLARAIGOSA. As you heard, on a bipartisan basis, both Chairman Knabe and I believe that some kind of transportation bond program makes sense as well.

Finally, let me just say—30/10. What it was was an opportunity for us. Initially we were talking about L.A., and then we realized this has application—just in the county, there are 19 donor—what did you call them? Self-help counties just in California alone. Across the country, there are a number of localities that have taxed themselves this way that are putting their investments. So 30/10, which we called our initial proposal for L.A., is actually the template for the national program. We incentivized localities to put up their own money and we leveraged that.

Senator BOXER. Do you understand now what it is, what 30/10 is?

Ms. BROWN. No, I do not.

Senator BOXER. She still does not quite get it.

Mr. MICA. I do not either and that is going to be my question.

Senator BOXER. Just go back to square one like when you explained it to me.

Ms. BROWN. I know all of you all understand it.

Mr. VILLARAIGOSA. Sure. Basically what the 30/10 Plan was—with Measure R, we are generating \$40 billion worth of revenue, tax revenue, over a 30-year period of time.

Senator BOXER. Explain what the Measure R was.

Mr. VILLARAIGOSA. Measure R was the initiative to tax ourselves a half penny to expand our public transportation system, repair our roads and highways, street repair, \$40 billion generated with a half a penny over a 30-year period of time.

The 30/10 plan was an opportunity for us that we said, how can we accelerate? Because what was happening—in fact, today driving here I was on the radio, and people want to know, well, when is the subway coming or when are you going to finish all of these projects that you promised? My response is, ma'am, this was a half penny sales tax, not a 10 penny sales tax. So it is not going to be done in 15 years, but in 30 years.

So we came up with a plan that says let us accelerate the public transit portion of this program by leveraging Federal dollars through a loan program or a bond program that would accelerate the projects. It would reduce the costs because, as you heard, the construction industry today has a 35 to 40 percent unemployment rate, and because a lot of those projects would have been built 20 years from now or 125, you are building them in a 10-year period. So you are saving money there on both counts, one, because of the high unemployment rate. Projects are coming in about 25 percent less than they used to. So that was the idea, and that 30/10 Plan became the template for this.

Senator BOXER. Representative Brown, basically what we are doing at the Federal level, Congressman and Congresswoman, is we are frontloading this program for very little cost, virtually nothing, \$20 million for a half a billion dollar program, because you know that the people have voted this stream of revenue. Virtually no cost to us. So you leverage this by helping them get out there and start it now. It is a brilliant notion, if I might say.

Ms. BROWN. Let me ask a question. Are you familiar with the RIF loan program because we have \$30 billion in that program for transit type projects?

Mr. VILLARAIGOSA. I am not familiar with that program.

Ms. BROWN. OK, so no one is familiar with it.

Mr. MICA. It is rail programs and we have \$35 billion in the fund.

Ms. BROWN. But that is a program that I would wonder how we can leverage it because it is rail but it is rail transit type programs. It is available to the city. It is low-interest.

Part of the problem, people have told me, with the program is how long it takes to actually get it OKed.

Mr. VILLARAIGOSA. That is actually true for the TIFIA program as well, which is why I had some specific recommendations about things that we could change, you know, take it to 49 percent instead of 30 where I think it is currently, cut some of the bureaucratic obstacles to connecting multiple projects, that kind of a thing.

Ms. BROWN. One person mentioned to me like one agency OKed a study and then the other agency said, well, no I want the Army Corps to do it. So that does not make any sense. We need to streamline that process.

Mr. KNABE. Well, a couple of things within the TIFIA process, even in allowing the Department of Transportation to do an upfront master credit agreement or a hedge loan kind of a situation for the bigger and larger projects would be a real time-saver. I mean, that is half the battle.

Mr. MICA. A good suggestion.

Let me yield now to the gentleman from Pennsylvania, Mr. Shuster.

Mr. SHUSTER. Thank you, Mr. Chairman.

I thank all of you for your testimony today. It is loud and clear that the TIFIA—we need to address that as we move forward with this transportation bill.

Also, I need to point out especially to my Republican colleagues back in Washington that these jobs we are creating by building infrastructure are not public jobs. They are private industry jobs. A lot of times that gets lost on members on my side of the aisle when we say we are creating jobs. Too, the stimulus created a lot of public jobs, but private sector jobs that are good jobs and building the assets in this country are extremely important.

Mr. Knabe, you mentioned smart Federal dollars, and I do not think you expanded on that. Can you tell me a little bit of what you are talking about?

Mr. KNABE. Well, again, it was just basically a leverage point. We have stepped up to the plate three times, and we are saying the fact that—the mayor just mentioned it—we have an opportunity, one, to create the jobs, two, to do a much better job right now in the bid process because of the unemployment and other opportunities out there. It is smart Federal dollars because it is a very minimal expense to allow this to happen because, as I said, every time we go back to Washington, they say come back with a revenue source. We have come back. We have Measure R, a 30-year payback. So we have this opportunity to leverage those Federal dollars up front and pay you back. This is a deal. You are going to love this deal.

[Laughter.]

Mr. KNABE. But, I mean, it is an opportunity that we have said, look it. You know, we have done this three times, not just once, not just the first time, but three times in 3 decades. It is a real inexpensive way for the Federal Government to be our partner, and that is what we want to be with you.

Mr. SHUSTER. In followup with what Ms. Brown said about how do we—as Director McKim said about going to these different sources, it is time consuming. You are chasing dollars. I would like to hear specifically from the director and also from Mr. Kempton

on his experience as the Director of Caltrans and now OTCA. I know you all have ideas and I would like to hear all your ideas, but if you could just briefly talk about what you see us putting into law to streamline that. What does it look like to you? That is really what we are looking here for. I do not want to put another layer of bureaucracy. I would like to collapse the bureaucracy and make it simpler. So if you could make a comment on that, and then, Mr. Kempton, if you would.

Ms. MCKIM. Well, I think the idea of consolidating some of the programs and then borrowing what—one of the points that Steve Heminger mentioned in his review, refocusing on performance will be a key element.

One of the things that FHWA is trying to do is partner with FRA. So it can be as simple as encouraging that partnership so that FRA does not recreate a bureaucracy. That is probably a bad word to use—so that they can use the same process that FHWA already has. FTA has different kinds of funding mechanisms except for the fact that their transit projects—they are very similar to highway and heavy rail projects. So there needs to be some consistency among the Federal programs in terms of how they approach their oversight and administration of projects.

Mr. SHUSTER. Mr. Kempton.

Mr. KEMPTON. Mr. Shuster, I would say the same thing. Consolidation and flexibility are the keys. We have innumerable scores of Federal programs, and I think you can make a judgment as to which programs are best to be left, but consolidation would be absolutely critical.

Then the flexibility. There are sometimes so many restrictions that come with Federal dollars. One of our colleagues from San Diego likes to say that for 20 percent of the money, you get 80 percent of the rules. I think that ought to be looked at as well.

Mr. SHUSTER. Thank you very much. Again, I would encourage all of you to submit your ideas because as we do this bill, it is going to take all of us.

I would encourage Mr. Hunter. I appreciate you being here today. We have heard from labor across the country, especially the building trades, and we know you guys just want to build stuff. We need you in this working through this process to make sure that we are focused on getting the money out, building things, and you need to have a seat at the table. As we move this forward, let us make it about getting the money out, streamlining, doing more with less, and creating jobs for the folks in your labor union.

Mr. Robbie HUNTER. Absolutely. In Los Angeles, we did a bond with the school district, a \$3 billion bond. You know, often when people are taxed, there is a dam built in the mud somewhere and no one sees it. We built those schools in the communities and when the taxpayers here—they renewed with three more bonds. We did \$27 million worth of projects. The last 23 schools that came in saved so much money, they built three new schools with the savings because of the cost in construction. We absolutely should take advantage of that at this time.

Mr. SHUSTER. Thank you. Thank you all very much for coming out today.

I yield back.

Mr. MICA. Thank you.

I yield to Ms. Napolitano.

Mrs. NAPOLITANO. Thank you, Chairman Mica. I have a lot of comments, not necessarily questions. But just Ms. Mayer in Riverside talked about the pollution and all of that that is going through my district. I have roughly 50,000 trucks a day going through my district, 160 Union Pacific and BNSF railcars going through my district. Of that, 40 percent goes to the rest of the country. So before Chairman Mica became the chair, then Chairman Oberstar named it the “corridor of national significance” because it is critical to the on-time delivery of those goods to the rest of the Nation.

Now, Mr. Kempton, you talked about the agencies. I co—chair, if you will, along with the ranking member, the Subcommittee on Water and Power. There are 22 agencies that deal with water in Washington. So somehow can you tell us what you see—not now, maybe in writing to this committee and all of us. What do you see that can be consolidated that would help reduce the personnel handling, the different agencies handling, the different steps that you have to do both in terms of saving money, cost saving to the project managers, et cetera?

But understand when we are sitting in committee and they come and give us reports, then you say, OK, what about the other side? There are other agencies that may have jurisdiction over that, and so then you have those big stumbling blocks that we do not look at because you know about them. We may not. So unless you point them out and suggest them to this committee, there is no way that we can do it.

Do not forget we have budget cuts in Washington too. So those agencies that are going to be serving you are going to have reduced personnel to deal with it. So how do you tell us where we may be able to consolidate and be able to address that by recommending things that we with our legislation may be able to address? Don?

Mr. KNABE. Every time you have a major project, there are always related projects to that major project. If you increase the eligibility to allow that under TIFIA, instead of having one project per loan, being able to have that project and the related projects in a consolidation for one application, that would save huge amounts of time.

Mrs. NAPOLITANO. If you would put that in writing, Don, because that is something that we need to look at.

The other thing, Ms. Phillips, is how do we get the railroads to become an active—how do we incentivize railroads to become more proactive in helping fund some of things that they benefit from? I would like that in writing because my time is short. But those are things I would like to hear from you in writing for us.

Supervisor Knabe, how long did it take for the 105 to be built? The incentive, the cost cut?

Mr. KNABE. Well, I think the reason they named it the Century Freeway is because said it took 100 years.

[Laughter.]

Mr. KNABE. But in reality on footprint and design and redesign, it was close to 20 years, something like that. I mean, it was just absolutely outrageous.

Mrs. NAPOLITANO. But after Judge Ferguson lifted the injunction, it took about 18 months?

Mr. KNABE. Yes.

Mrs. NAPOLITANO. Roughly. So that freeway was built.

Mr. KNABE. Lawsuits, everything.

Mrs. NAPOLITANO. Correct.

Mr. KNABE. Now it contains our Green Line too that Chairman Mica wants to go all the way to the airport.

Mr. VILLARAIGOSA. It will go all the way.

Mr. KNABE. I heard the mayor.

[Laughter.]

Mrs. NAPOLITANO. All right, guys.

Mr. Hunter, one of the things that we know from looking at other projects and being abroad in some of the other countries, there are very few labor standards—building codes. That builds a lot of insecurity and danger to a lot of the populace. I want to be sure that those are built on time, right the first time. If I remember correctly, it is build it right the first time. You save money. You save time. Where we are earthquake prone, that is a must in our area, especially in California.

The 30/10. How is that going to affect the revenue, as Senator Boxer was stating, that there will be less revenue because of the hybrids? How do we compensate for that? What do we look at? How do we not tax them but be able to make sure? They are using the roads. They are using out the highways. They are creating some of that traffic congestion that we talk about. So how do we look at being fair to the rest of the driving public that is paying for those highway improvements?

Open new concepts. Within my area—I am running out of time—we have an organization, a company that is dealing with research and development with the Department of Defense to build a blimp and be able to take cargo from the Army, whatever Department of Defense's need is, to move it into inaccessible areas, in other words, inside the belly of a blimp. Why are we not looking at new innovative concepts that might bring relief to that which we are now facing?

So, Madam Senator and Chairman Mica, there are a lot of things I would like to have the illustrious panel give to us as—

Mr. MICA. We are going to allow that too. I will yield to Senator Boxer for a motion.

Senator BOXER. Yes. I would ask that the record be kept open for 2 weeks so that our terrific witnesses here can get their comments in.

Mr. MICA. Without objection, so ordered.

I would also invite members of the public that want to submit recommendations. We could not get everybody up here obviously. We jammed the stage as it is. But if you have recommendations, the record will be kept open for 2 weeks. I would ask that you submit them to the Senator or any of the members who are in attendance or on the respective committees.

Let me yield now to the gentleman from California, Mr. Hunter.

Mr. DUNCAN HUNTER. Thank you, Mr. Chairman. I am new to this committee, ladies and gentlemen. So I have some basic questions. I hate to be the killjoy here, but what makes you think Cali-

ifornia can afford anything, even doing less with less? No one has talked about California's debt and what happens to these bonds and what happens to the cent and a half sales tax or half cent sales tax if that has to be reprioritized and restructured if there is a restructuring of California's debt obligations or if there is any kind of Federal assistance, which I do not think that would be forthcoming under this Congress. What would happen to any projects started? How would California pay for them? Anybody is welcome—

Mr. VILLARAIGOSA. Yes. I can respond to that.

First of all, you are not a killjoy. That is an appropriate question.

Measure R cannot be in any way—the revenues generated from Measure R cannot be appropriated by the State in any way. This was a taxpayer-approved half penny sales tax that the State of California has no jurisdiction, no ability to appropriate that money.

Mr. DUNCAN HUNTER. What I am asking, though, Mr. Mayor, is you are going to have to prioritize if California is unable to do what it does as a State for Los Angeles. You are going to have to reprioritize what is important to Los Angeles. You might have to reprioritize that money going into shelters for unemployed people or something else.

Mr. VILLARAIGOSA. It cannot be used for that purpose.

Mr. DUNCAN HUNTER. It is untouchable.

Mr. VILLARAIGOSA. Untouchable. In fact, in the actual measure, they identified the projects that you can actually spend this taxpayer revenue on. So it cannot be invaded by the State. You cannot even reprioritize it without a two-thirds vote, and then it can only be used for transportation.

Mr. KNABE. I mean, the whole being, it required special legislation just to allow us to put it on the ballot because we had already maxed out our ability for a sales tax in Los Angeles County. So it is untouchable by the State.

Now, the State has its other issues with transportation bonds statewide. You know, there is always that little caveat inside that says two-thirds vote of the legislature, we can put it toward our debt, you know, kind of thing that we have to deal with, but that is a separate issue. Within the confines of that legislation, of Measure R, it is strictly for Los Angeles County and strictly for prioritized transportation projects.

Mr. DUNCAN HUNTER. So let us say the worst case scenario is California has to restructure or do something with its debt obligations and they are helped out by the Feds in some way in that restructuring. You are saying that the local municipalities, if they do it your way, would be safe from the State—

Mr. KNABE. Measure R dollars.

Mr. VILLARAIGOSA. If they wrote their initiative in the way that we did, yes.

Mr. DUNCAN HUNTER. The next question and last question to Mr. Kempton and anybody else who would like to answer. If you had to sum it up in basic speak for someone as simple as myself, if you had to talk about how much time and how much over budget as a percentage of an entire project in general that environmental regulations in California cause, what would that number be? Roughly.

We will not hold you to it, except everything you say is on the record.

[Laughter.]

Mr. KEMPTON. Well, Mr. Hunter, we will just go with the 13 years if you escalated that over 4 percent or something in terms of project costs, but I would stress it is not just environmental regulations. It is the delivery process in and of itself, and that is what we are trying to address with Breaking Down Barriers. So just take the 13 years that it takes to get a major project done, escalate the cost over those years, and that will give you a sense of the time impacts from a dollar perspective for projects. But again, it is not just environmental regulations. It is delivery processes as well.

Mr. KNABE. Entitlements, everything. I mean, it is the whole piece. Just being able to do concurrent environmental reviews would save a humongous amount of time. Not changing the regulations, just being able to do concurrent reviews would be an incredible savings.

Mr. DUNCAN HUNTER. Thank you.

Senator BOXER. Chairman Mica, I just wanted to say to Representative Hunter I am really glad that you posed this question because as I talk to my colleagues in Washington, this is so new and so different. It is a new way of thinking which is very important for our committee because we know the stress we are under in terms of revenues, and any new revenue source is going to be—some people have signed a pledge, no new revenue source. Other people say they are willing to look at it. But it is going to be a terrible argument.

The beauty of this and the reason I am so happy you are here and you asked this question is this is a measure that the local people decided, and they went in the midst of a recession, as was stated, and said, we are willing to tax ourselves because we want these projects built. For us, because we know there is this revenue flow which—you asked your question. We know that no one can interfere with that revenue flow. For example, for a \$20 million cost to us, they are able to get a loan of \$500 million, and we know that money is coming behind it.

So thank you very much for asking the question because if we are going to write a bill here that has a chance of passing, this is the type of program we are going to have to work on because we do not have to get any new Federal taxes. We can just deal with this and leverage. I think the centerpiece of our bill will be leveraging.

Mr. DUNCAN HUNTER. Thank you, Senator.

Mr. Chairman, if I may. If you try to take the Chargers and put them in L.A., I will vote no on everything. I am just throwing that out there.

[Laughter.]

Mr. SHUSTER. Just a quick question on the vote for half a penny.

Mr. MICA. Mr. Shuster?

Mr. SHUSTER. I know in Orange County they did it and it passed by like 67 percent. What was the percentage?

Mr. KNABE. Almost 68 percent.

I mean, there are a lot of things on that ballot people have to go through and vote no on. They voted yes on that.

But we realize how difficult your job is. Every time I get in an elevator in Washington, I see these little name tags, National Car-buretor Association, National Christmas Tree Association, you know, National Glass Association, and they all have their little agenda. All that impacts when you are trying to put together all this legislation. So we appreciate all you do.

Mr. MICA. Those are not even our constituents.

Mr. KNABE. Exactly, right.

Mr. MICA. Let me yield now—patiently waiting—to the gentlelady from California, Ms. Richardson.

Ms. RICHARDSON. Thank you, Mr. Chairman.

For the sake of the accuracy of the record, I want to refer back to Ms. Phillips' testimony. In her written testimony, it says that while environmental reviews make it extensive, sometimes can be perceived to complete projects—in 2001, of all the highway projects that received Federal funds, only 3 percent of those projects, accounting for only 9 percent of the funds, actually required an EIS.

Further, her testimony says that neither Federal funds funding transportation projects have been eligible for categorical exclusions. Now, we have spent a lot of time talking about the I-35, but I think it is important, particularly for the public, that we are accurately telling the whole story. I-35 was the first categorical exclusion. Further, I-35 had full, 100 percent funding at the point when they began, obviously due to the tragedy of what occurred. So I think in addition to us talking about the NEPA/CECWO problems, we also need to consider this whole thing of better utilizing categorical exclusions as well.

Further in her testimony she stated that project redesign is part of the problem, relocating businesses, project complexity, lack of funding for the project, local objections. The one I want to ask Ms. McKim, Kempton, or Heminger, whoever would like to respond—let us spend just a moment on the interagency communication problems because that is also something we can work on. We have spent a lot of time talking about NEPA and CECWO, but the interagency communication—or give us more specific details about the permit problems. Which agencies would really help us to better do this bill? So whoever would like to chime in.

Mr. HEMINGER. Congresswoman, Steve Heminger just to start. I do think you are putting your finger on it. As I said in my remarks, I do not think the NEPA/CECWO issue is the big villain because, generally speaking, in big projects in California, we clear them through both. We run them simultaneously. I am sure it adds some time. But the permit question is the real issue. That is where a project can sit still for months while a permit is issued.

Now, in the case of the Minneapolis bridge, I was up there during construction. That project manager had half of his permits in the first week. Now, that is probably an extraordinary case.

But someone also on the panel mentioned that some of these agencies may be seeing cuts in their funding and their staffing. I think it would be a prudent expenditure of our transportation funds to make sure that does not happen, to have folks dedicated at those agencies to our programs to have clocks on them. If they do not meet the clock, the permit is approved or have some appellate process that if they do not approve it within a certain period

of time, it is kicked up to some other level. There has got to be a reasonable way to get through this better. These are all people of good faith. There is no one in there who is trying to do a bad job, but there simply is not a priority in those agencies for speed and for consistency with many other Federal agencies that also act.

Mr. KEMPTON. I would add to that, and I agree with what Mr. Heminger said. One of the recommendations in our Breaking Down Barriers initiative is, in fact, prompt action which would require a specific deadline for action by a permitting agency, and that is where a significant amount of the problem comes into play.

But again, we are dealing, in most cases I think, with people who are concerned and want to do a good job. There are resources issues, and we need to take better advantage of a process that we have used here in California to a great advantage, and that is actually providing the resources agencies with staff, with consultants to be able to complete the required work so that it gets done more quickly. That is something that we can do and look to make more palatable as part of this process as well.

I was asked at the Highway Subcommittee meeting last week if I could summarize in one word what the problem is and I said I could. It is trust. As we work more closely with these agencies and develop a greater amount of credibility, that trust factor will be less important.

Ms. RICHARDSON. To your knowledge, are there any inhibiting factors that would preclude us from doing a concurrent system? It seems like everyone—the panelists agree. OK.

My next question has to do with existing right-of-ways. Yesterday Chairman Mica and I were in Fresno, and one of the things they talked about is some of these projects have to go through a whole other approval process even though they are building upon existing right-of-ways. Would there be any objection to us reconsidering maybe framing those regulations a little bit better if it is on an existing right-of-way? Ms. Phillips or Mr. Kempton?

Then I have one last question.

Ms. PHILLIPS. I think the ultimate outcome is the performance and that is where we need to put the emphasis so that if there is a way to address the existing right-of-ways to ensure that you get cleaner air in the end, less water pollution, more protection of open space and wildlife, then there is room to negotiate and room to figure out improvements. I think the emphasis in all of the transportation bill funding needs to be on the outcome, on the performance.

Ms. RICHARDSON. No but, Ms. Phillips, I am asking a very specific question, and it was a big problem in Fresno. Let us say, for example, Highway 5. It is already a highway. If we are talking about a major resurfacing project or something that is on the existing right-of-way, there have been issues of completing that. Would there be a general objection to us reevaluating those regulations specifically if it has to do with an existing right-of-way?

Ms. PHILLIPS. The kind of example you are using—I do not see that there is an objection to that.

Ms. RICHARDSON. OK. Thank you.

My last question, Mayor Villaraigosa and Supervisor Knabe. One of the things in the bill included projects of national significance.

We are very grateful to the chairman and also Chairwoman Boxer for being here.

Could you just allude very briefly why it is important that we continue that section in the bill?

Mr. VILLARAIGOSA. Well, I think it was mentioned. I mean, we move 44 percent of all the sea-borne goods through our ports. Our airport is the largest destination and arrival and entry airport in the United States of America. If we were a nation, this metropolitan area would be the 17th largest economy in the world. The gridlock here and the air quality is among the worst in the Nation. For all of those reasons and the fact that we have a dedicated funding source, this is a project of national significance.

Mr. KNABE. I would just add, I mean, just not only Measure R but the whole issue of the Ports of Los Angeles and Long Beach, which are part of my district as well too. I sit on the Alameda Corridor Authority. That was a project that was built on time, on budget. But those trains go north. They do not turn left to go in the ocean. They turn right and go right out through your district and my district, and they are of national significance. We knew during the port strike a while back, a billion dollars a day of national economic impact to the United States of America. A billion dollars a day. That is a big number. So I think we have to be able to maintain those projects, and they are of national significance and they do deserve a little bit better treatment I think.

Mr. MICA. I thank the gentlelady and the witnesses.

Our last member. Again, we are so pleased with her service and her friendship over the years. I am pleased to recognize Ms. Harman.

Ms. HARMAN. Thank you, Chairman Mica. I was sitting here thinking that you and I and Congresswoman Brown were all elected in the same year in another century when the world seemed a little simpler and safer than it does now.

[Laughter.]

Ms. HARMAN. I am going to leave it to you much younger colleagues to figure all this out.

But I want to observe what an excellent hearing this is. All of the information has been substantive. There have been specific ideas put forward, as you requested, about improving TIFIA and other programs.

That leads me to ask one question, mindful of your time and everyone else's time. But it is in relation to the issue I raised in my brief comments, and that has to do with P3, public/private partnerships. I do not think we had enough conversation about that.

President Obama has been talking about the fact that the private sector is "hoarding" would be a tough word, but at least holding onto about \$2 trillion in capital which is not being invested at least presently into worthy activities. Congressman Shuster pointed out that the jobs we are talking about here are private sector jobs. That is worth underscoring. Private sector jobs, not public jobs.

My question is, do we not have an opportunity here to cause U.S. banks and others to part with some of that \$2 trillion—I am sure we would take a small percentage—to leverage the Measure R revenues, which our taxpayers on an overwhelming bipartisan basis have volunteered, to build these private sector jobs? Is TIFIA a

best way or the QTIP program which has to do with bonds or some new bond program, an additional way?

But bottom line, should we not focus more on public/private partnerships as the way to get this done fast?

Mr. VILLARAIGOSA. Without question, Congressman Harman. We have been meeting over the last 18 months as we put together the 30/10 Plan with investment banks, and very importantly, across the world, investment banks and public/private partnerships are working with government to build the infrastructure that they need and that we need here in the United States. I said it is a \$2.2 trillion need. We were at Lazard in November, I believe, and they are very interested. So is J.P. Morgan. Almost all of the investment banks see the opportunity that comes with a public/private partnership, again leveraging local dollars with Federal dollars to move projects and accelerate them as we speak.

Mr. KNABE. Well, I would only add that I think if you could within the surface transportation bill build in the legislative relief necessary to do P3 projects. I mean, the problem we had—we just did, as Congresswoman Richardson knows, the new courthouse in Long Beach where we came together, county/State. But we did not have legislative relief, and it took forever. So if the legislative relief to encourage, incentivize P3 projects could be in this transportation act, that is one major step forward that you do not have to go back and fix the problem and create and go back through another legislative process to pull it off.

Ms. HARMAN. I am sure you agree, Mr. Czyzyk, that local businesses, local banks might find a huge opportunity to earn an appropriate return helping put Los Angeles construction workers and U.S. construction workers back to work.

Mr. CZYZYK. The business community has always been willing, for years, to enter into these public/private partnerships. There have been some reluctancies on the side of government and sometimes the arrangements have not been as good as they perhaps could have been. But there are existing public/private partnerships that exist today in other names. For example, most airports around the United States are built—the terminals are built with airline dollars, and it is quite simply where an opportunity is given to an airline or to another business to develop a facility, given 30 years to do that, and then the facility is turned over lock, stock, and barrel to the government authority. That in itself is a form of public/private partnership, and that could take place on our roads and highways as well.

There was some contemplation a few years ago of building a separate lane on the 710 Freeway that could have been financed in a private/public partnership type of arrangement, although because of the inability to come to an understanding between the investors and the government agencies at the time, it did not happen.

But with the willingness of all three elements to work together—and when I say the three elements, I am referring to government, labor, and business—these public/private partnerships can happen. I cannot speak for all the banks, but there is a few trillion dollars that is out there that can be invested. If there is a willingness on the part of the constituents to do it, I am sure that a lot of infrastructure improvement can be made in that regard.

Ms. HARMAN. So just let me conclude, Chairman Boxer and Chairman Mica.

I obviously leave Congress with this issue in good hands. We are going to extend the Green Line to LAX and we are going to leverage private money and we are going to do it right now on a bipartisan basis. I just want to thank all my colleagues for the honor of serving with them over the years.

Mr. MICA. Well, thank you.

[Applause.]

Mr. MICA. Thank you again, Representative Harman.

As we conclude here, I think everyone has had an opportunity for participation. As I said, we welcome from those who could not be on the formal panel with us to submit for the record their ideas, suggestions, recommendations through their Representative or Senator.

I cannot again thank Senator Boxer enough for her hospitality in hosting us today and her leadership in the U.S. Senate on our first public effort here together, an example hopefully we are setting to draft and complete for the country probably one of the most important pieces of legislation that will affect our economy in the future. So thank you again.

I opened and let me hand you the gavel, if you would have any comments. I will yield to you, and then if you could please close the joint hearing.

Senator BOXER [presiding]. Well, this is a very important moment in time, given where we are in our country and all the problems we face and the rancor, that we are here together, Mr. Chairman, with colleagues from both sides of the aisle. It really is an important signal that we are sending, and I hope the people of Los Angeles feel very proud because what really brought us here is the just amazing leadership this community has shown on this critical issue. As I leave here, I think what we have gotten from this incredible panel—and I am sure, Mr. Chairman and members, you are getting ideas from all over the country, and I am very anxious to hear from you about all the different ideas that you have learned. But I feel that I have been given a very solid road map on how to proceed.

I am going to keep in my mind a couple of things, the first one that I thought Jane Harman laid out so beautifully. We can leverage. At this tough time when we have very tough financial problems, we can leverage dollars from the private sector, from local government, from State government, from wherever it comes. We can do it at very little risk, at virtually no risk to the taxpayers. So leverage is to me the centerpiece of what we are going to do together.

The second thing I will keep in my mind—and I hope everybody will—is those unemployed construction workers and also the businesses that they formerly worked for who have very little work right now. We have a housing crisis and it is not yet fixed. Let us put it that way. Some tough times still remain in that front. So what are we going to do with essentially 20 stadiums filled with unemployed construction workers? I thank Mr. Hunter for being here with the Chamber of Commerce, labor and commerce together.

So I think if we keep in our minds the way to do this efficiently, the way to stretch our dollars, the way to be fiscally responsible and still meet our demands that we have on us for a top-notch transportation system and the unemployed workers and the construction businesses that need us to act, I think we are going to come out with something very, very good. Look, there will be some tough patches ahead, and we are not going to agree on every single thing. We know that. But I think on the big issues, we do agree and we do see eye to eye.

So with that optimism, I close this hearing and I thank everyone for attending and I thank our excellent panel.

[Applause.]

[Whereupon, at 11 a.m., the hearing was adjourned.]

[Additional statements submitted for the record follow:]

2204 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-0530
(202) 225-3976

WWW.HOUSE.GOV/WAXMAN

DISTRICT OFFICE:
8458 WEST THIRD STREET
SUITE 609
LOS ANGELES, CA 90048-4183
(323) 951-1340
(818) 878-7400
(310) 952-3595

RANKING MEMBER
COMMITTEE ON
ENERGY AND COMMERCE

Congress of the United States
House of Representatives
Washington, DC 20515-0530

HENRY A. WAXMAN
30TH DISTRICT, CALIFORNIA

Opening Statement of Rep. Henry A. Waxman
Ranking Member, Committee on Energy and Commerce

Joint U.S. Senate and House Field Hearing

**"Improving and Reforming our Nation's Surface Transportation
Programs to Support Job Creation and the Economy"**

February 23, 2011

Thank you Chairman Boxer and Chairman Mica for convening this hearing in Los Angeles. I welcome you to the 30th Congressional District, which I am honored to represent. I particularly want to express my appreciation to Senator Boxer for her long-time dedicated work to address our challenging transportation issues.

Today, we sit at the West LA Veterans Campus. Ten years from now, if all goes as planned, it will be the interim terminus of the Westside Subway Extension. But today it is the heart of some of the worst congestion in the region and just miles from one of the most congested interchanges in the country.

These traffic bottlenecks are a drain on our economy, our productivity, and our health. That is why I strongly support the bold vision Los Angeles County has adopted to chart a path forward. With the approval of Measure R in 2008, an overwhelming two-thirds of Los Angeles County voters supported a tax increase for a bold initiative to dramatically expand and integrate the County's transit system. Mayor Villaraigosa has propelled the plan with his "30/10" initiative, which has as its ambitious goal the completion of 30 years of projects in the next 10 years.

The impact of Measure R cannot be overstated. Already projects like the Expo Line to Santa Monica, the Crenshaw line through Culver City, the Gold Line Foothill Extension, and the Green Line extension to the airport have taken leaps from concept to construction.

Likewise, the cornerstone Westside Subway Extension and Regional Connector projects have achieved environmental clearance for Preliminary Engineering and Design. Indeed, the President's Fiscal Year 2012 budget places both projects in the pipeline for a future Full Funding Grant Agreement.

The jobs are ready and the riders are eager. The missing ingredient is a bold

transportation reauthorization bill that will empower LA County to leverage Measure R revenues and properly finance the biggest physical, economic, and environmental transformation of a generation.

Now is the time to invest. Now is the time to put forward creative plans like the Infrastructure Bank, expansion of the Transportation Infrastructure Finance and Innovation Act and other dynamic proposals that will move us forward. Now is the time to shore up the New Starts program and the state grant formulas that enable high density areas like the Westside of Los Angeles keep up with growth.

Stagnation is not an acceptable option. I look forward to working with you to build a better future for the county, the state, and the country.



**Kern Council
of Governments**

February 22, 2011

The Honorable Barbara Boxer, Chairman
Environment and Public Works Committee
United States Congress
112 Hart Senate Office Building
Washington, D.C. 20510

Subject: Proposed Surface Transportation Reauthorization Priorities

Dear Chairwoman Boxer:

Kern Council of Governments thanks you for seeking input on the proposed surface transportation reauthorization. As a large, geographically diverse metropolitan planning organization, Kern Council of Governments is required to coordinate a continuous, comprehensive and cooperative planning process that serves three distinct economic regions. Our geographic and economic diversity requires solutions for all transportation modes. Kern Council of Governments is submitting a statement for the committee's consideration on four policy areas addressing the proposed surface transportation act. The policy areas of concern include preserving short-haul rail lines, National Environmental Protection Act process streamlining, identifying sustainable transportation revenue sources and support for high-speed rail development.

Each of these transportation policy issues is important to the Kern region in order to maintain our diverse economy. A reliable transportation funding source will allow for needed goods movement and congestion relief projects. NEPA streamlining will assist in moving projects forward to construction in a timely and efficient manner. Freight rail is an essential option for the region to move manufactured and agricultural goods to market. High-speed rail will improve air quality, increase economic development opportunities in communities that suffer from chronic unemployment and increase mobility in Central California.

Thank you for allowing Kern Council of Governments the opportunity to provide input to the national transportation policy discussion. If you require additional information or wish to discuss these issues further, please contact me a 661-861-2191 or at rbrummett@kerncog.org.

Sincerely,

Ronald E. Brummett
Executive Director

Kern Council of Governments
1401 19th Street, Suite 300, Bakersfield, California 93301 (661) 861-2191 Facsimile (661) 324-8215 TTY (661) 832-7433
www.kerncog.org



**Kern Council
of Governments**

CALIFORNIA HIGH SPEED RAIL SYSTEM

Development of high speed rail provides many benefits to both local and regional economies. Documented benefits of implementing high speed rail throughout world include job creation and increases in both regional and local economic activity. These same economic benefits could be available to the Kern region and throughout other regions in the United States.

Construction of a high speed rail system in California would provide 300,000 jobs. Many of those jobs would be in Central California chronic unemployment. In the vicinity of HSR station, there would be increases in office space helping to generate economic activity. Along with the new office space, jobs would be created by the construct of new residential units and new hotels. Development of this type supports the Federal emphasis on sustainable communities.

California is systematically developing a high speed rail system that will serve 95 percent of all Californian. Voters in California approved a \$10 billion bond to finance construction of the first phase of the system. The Kern Council of Governments supports the location and funding of a high speed rail system in California beginning with the initial segment in Central California.

- Provide federal funding for high speed rail systems that benefit local and regional economies, support sustainable communities and enhance the environment.
- Focus Federal funding on high speed rail systems that enhance regional mobility and increase economic activity in high unemployment areas.

Contact: Ronald E. Brummett,
Kern Council of Governments
661-861-2191
rbrummett@kerncog.org



**Kern Council
of Governments**

FREIGHT RAIL LINE NOTIFICATION AND PROTECTION

Short haul rail lines are an essential part of the greater freight rail system. Short haul line operators are abandoning usable section of rail lines and are not required to conform to National Environmental Quality Act (NEPA) requirements or to notify metropolitan planning organization of the intent to abandon a rail segment.

Short haul railroads' hold monopolies over rail shippers and receivers; constantly increase rates, tariffs, etc. forcing them to ship by truck. These actions are contrary to the intent of the 1980 Staggers Act that deregulated railroads in order to increase competition. Central Valley rail shippers & receivers have seen fees, charges and rates increase as much as 2,000 percent in one year for handling the same volume of railcars as the previous year. As rail traffic decrease on the short haul rail lines, they are then abandoned, removed from operations and the track sold for scrap.

The systematic removal of short haul rail segments has significant environmental and economic impacts to the local region. Environmentally, the removal of a rail option increases the amount of goods shipped by truck impacting local air quality. Economic impacts include the reduced options for shippers and receivers and increased maintenance costs for both local roads and the state highways due to increased truck traffic. In contrast, highways that are abandonment, relocated or newly constructed required environmental documents to made available for public review and comment.

Kern Council of Governments recommends the following items be addressed in the surface transportation act.

- Revise short haul rail abandonment regulations to require short-haul rail line operators to notify transportation planning agencies and metropolitan planning agencies of their intent to abandonment a segment of rail line.
- Require short-haul rail line operators to file environmental and economic impact reports address local and regional issues in accordance with NEPA.

Contact: Ronald E. Brummett,
Kern Council of Governments
661-861-2191
rbrummett@kerncog.org

Kern Council of Governments
1401 19th Street, Suite 300, Bakersfield, California 93301 (661) 861-2191 Facsimile (661) 324-8215 TTY (661) 832-7433
www.kerncog.org



**Kern Council
of Governments**

NEPA STREAMLINING AND REGULATORY REFORM

Under current federal law, the National Environment Protection Act (NEPA) requires that Federal resources agencies (Fish and Wildlife, Environmental Protection Agency, et. al.) be given an opportunity to review and comment on environmental documents developed for specific projects. However, NEPA regulations do not set a time limit for a Federal resources agency to return comment on the environmental document.

The Kern Council of Governments and the City of Bakersfield waited 4 years for comments from Federal resources agencies on the Kern River Freeway Project. Project planning and development requires the expensive and time consuming process of developing of a federal environmental document and a state environmental document.

Kern Council of Governments recommends the following items be addressed in the surface transportation act.

- Change federal NEPA regulations to set a specific review time in which Federal resources agencies are required to provide comments to the project sponsor. The time limit could be six (6) month or one (1) years as long as there is a defined time for review.
- Permit integrating state and federal environmental impact studies without compromising environmental standards, to avoid project cost increases that occur due to lengthy processes.

Contact: Ronald E. Brummett,
Kern Council of Governments
661-861-2191
rbrummett@kerncog.org



**Kern Council
of Governments**

SUSTAINABLE TRANSPORTATION REVENUE

There is a growing recognition that sustainable transportation infrastructure requires an established reliable, sustainable and growing funding system to finance our aging and underfunded transportation infrastructure. This is a nationwide challenge. Although borrowing of expected future revenues can accelerate the delivery of priority projects, the resulting debt service must be kept at a level so as not to jeopardize future transportation programs. This is a short-term solution and is not sustainable. We cannot borrow our way out of this problem.

Kern Council of Governments recommends the following items be addressed in the surface transportation act.

- Transportation funding should rely on direct user fees so that there is a strong relationship between the use of the system and how the user pays for the system. As a transition to a vehicle miles travel fee system, a suite of interim fees can be in the form of a gas tax, auto insurance surcharge, tire tax surcharge or other user based mechanisms.
- Technologies that move toward a vehicle miles travel system of fee collection, should begin within two years beginning with the truck industry which already pays mileage based road taxes based on travel in each state.
- Design/build, public/private partnerships opportunities and other innovative financing opportunities should be authorized and/or expanded.
- Support incentives for interregional, cooperative approaches to fund transportation corridors, communications facilities and economic opportunities.

Contact: Ronald E. Brummett,
Kern Council of Governments
661-861-2191
rbrummett@kerncog.org

TESTIMONY BY THE HONORABLE CURT PRINGLE,
CHAIRMAN OF THE CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Submitted to the:

JOINT HEARING OF THE U.S. SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE AND
THE U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

*Joint Field Hearing: Improving and Reforming our Nation's Surface Transportation Programs
to Support Job Creation and the Economy*

Wednesday, February 23, 2011

9:00am

West Los Angeles Veterans Administration Campus
11301 Wilshire Boulevard
Los Angeles, California

It gives me great pleasure to offer testimony today on behalf of the California High-Speed Rail Authority, on behalf of the state's high-speed train project, and on my own behalf as a Californian.

One cannot discuss our state's transportation systems and our future transportation needs without including high-speed rail. That is because the population of our state is projected to grow by a full third - from approximately 38 million people today to 50 million people by the year 2030. To accommodate that growth while maintaining our economic strength, California will need more road capacity, more airport capacity, and high-speed rail as another transportation option. Simply put, the continued health of California's economy relies on being able to move people and goods efficiently within our state - from international origins, through our ports, from Northern California to Southern California.

There is no project that has more potential to serve as a backbone for California's future transportation needs than the state's high-speed train project. It is a *true* high-speed train project, not one of incrementally improving existing passenger rail lines, but of constructing entirely new infrastructure to allow operating speeds of 220 miles per hour and a travel time from the Los Angeles Basin to Silicon Valley and the Bay Area that competes with air travel.

The benefits of the system we are planning - to connect the two largest population centers in our state which are two of the largest in our nation - are impossible to overstate. In the near-term it means true economic stimulus and job creation. In the long-term, this system will bring efficiency to our economy and improvements to our environment. In a time of staggering unemployment figures, one must view infrastructure investment as a prudent means of job creation. In fact, especially during challenging and economically difficult times, it is the appropriate time to invest in infrastructure for our future.

With the California high-speed rail project, we do not use over-inflated multipliers to estimate job creation, but instead use a figure more conservative than the federal government and more conservative than transportation advocacy groups: 20,000 jobs per \$1 billion in investment. That is, 20,000 jobs - defined as a 40-hour work week for 52 weeks - over the life of that investment. We

currently have \$5.5 billion available to begin construction of our system, which is a combination of federal and state dollars, and that will mean nearly 110,000 job-years over the five years we have scheduled to expend these funds. An average of 22,000 jobs per year employing construction laborers, equipment operators, construction managers, cement masons and concrete finishers, electricians, accountants/auditors, civil engineers and more. The bulk of those jobs will be in our Central Valley, which currently has the dubious distinction of being home to some of the highest unemployment rates in the nation.

There are many reasons the High-Speed Rail Authority chose to begin construction of the Los Angeles-area – to – Bay Area system in our Central Valley. The Central Valley constitutes the backbone of our statewide system, where we will have true high-speed rail travel on dedicated tracks unlike in urban areas where the trains will travel at slower speeds and, in some cases, potentially share track with regional passenger rail services. Also, beginning in the center gives us the flexibility to build either north or south as more money becomes available. Another reason to begin where our system will be straight, flat, and relatively inexpensive is to dispense with the typical engineering learning curve where we can get more track mileage from the initial federal investment.

There is no denying that building this system will have impacts on California communities. One cannot build a piece of infrastructure of this size and scope – one that stretches nearly the entire length of the most populous state in the union – without having impacts. Our goal is to avoid those impacts where possible, and where not possible to mitigate them.

Make no mistake, building more freeway lane miles and more airport capacity would be more costly and would have a greater impact.

Unlike spending on roads and spending on regional commuter transit, investing in true high-speed rail systems will bring a profit and will therefore not require ongoing government subsidies for their operations and maintenance. That is true of the high-speed rail experience around the world. According to the UIC, which is the international authority on rail, every existing high-speed train system in operation around the world generates a profit from its operations. Two lines – the Tokyo-to-Osaka and Paris-to-Lyon lines – have even made enough profit to pay back the cost of their initial infrastructure investment. We see examples around the world of successful public-private partnerships, utilizing private sector dollars, in high-speed rail development and operation.

This will also be the case in California, where private companies and consortia have informally told the Authority for years that they plan to participate and invest in California when the time is right. For that time to be right, the private sector must first see a public sector commitment. The voters of California have done that, by approving \$9.95 billion in bonds for the development of a high-speed rail system. Now, the federal government must show the same vision and commitment.

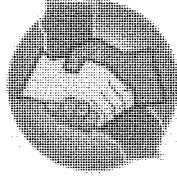
What that means, honorable members of the committees, is a long-term, ongoing plan for funding the development of this mode of transportation. Long-term projects like these cannot be successfully and efficiently built with annual appropriations. They must be viewed with a longer lens if they are to come in on-time and under-budget, which is what the people of our state expect.

Setting this long-term vision would send the signal to the private sector needed to lure its investment, at which point our goal will be to transfer risk to the private sector and away from the taxpayer. I

encourage Congress to foster an environment that allows for the private sector to participate and to accept the risk associated with developing and operating these systems.

No project of this magnitude has ever been without its concerns, some of which are welcome and very legitimate. I have no doubt that President Lincoln faced the same challenges in his pursuit of the transcontinental railroad, or that President Eisenhower faced them in his pursuit of the interstate highway system we all enjoy today.

High-speed rail now represents a true opportunity for the United States to invest in the infrastructure that will support the successes of our grandchildren and their grandchildren – and California remains in the best position to lead us there. Federal partnership is a necessary component of that effort, and I thank you for the opportunity to provide this testimony today.



California Labor Federation

AFL-CIO

www.workingcalifornia.org

Headquarters: 600 Grand Ave
Suite 410
Oakland, CA 94610-3561

1127 11th St
Suite 425
Sacramento, CA 95814-3809

3303 Wilshire Blvd
Suite 415
Los Angeles, CA 90010-1998

510.663.4000 tel
510.663.4099 fax

916.444.3676 tel
916.444.7693 fax

213.736.1770 tel
213.736.1777 fax

February 18, 2011

The Honorable Barbara Boxer
U.S. Senator California
112 Hart Senate Office Building
Washington, D.C. 20510

via email: [c/o Heather_Majors@epw.senate.gov](mailto:c/o_Heather_Majors@epw.senate.gov)

RE: Joint Field Hearing of the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works in Los Angeles, 2-23-2011

Dear Senator Boxer:

The California Labor Federation strongly supports the continued federal funding of high speed rail systems in California and across the nation. President Obama has challenged the nation to build a 21st century infrastructure that will solidify our country's position on the leading edge of global competitiveness. This is our "Apollo moment" and we must all rise to the challenge.

There are some who doubt the promise of high speed rail. They doubt that Americans can once again be on the cutting edge of technology, infrastructure, innovation and growth. Florida Governor Rick Scott recently rejected \$2 billion in federal funding to build high speed rail in his state. The \$2 billion Florida rejected could be used immediately in California to break ground on high speed rail and make the President's vision a reality.

A coalition of business, labor and government is already working together to make the vision of high-speed rail a reality in the Golden State. California has already made substantial investments in a high-speed rail system and is well prepared to receive and use federal funding. California is the only state in the nation that has passed a bond measure that will devote \$9 billion to high-speed rail construction in coming years.

High-speed rail create new opportunities for economic growth. Businesses will benefit from the improved movement of goods and people throughout the state. Rail will increase the speed of deliveries and ability of businesses to attract workers from all over the state. Tourism will flourish as visitors and residents explore California more quickly and easily than before.

The Honorable Barbara Boxer
February 18, 2011
Page Two

The economic downturn has had a devastating impact on working people in California, and recovery is projected to lag behind other states. The construction and operation of a high-speed rail system is projected to create 160,000 construction and 450,000 permanent jobs. For every \$1 billion invested in high speed rail, 20,000 new jobs are created. The creation of new jobs will bring new life to the construction industry that has seen jobs losses of 20% and higher in recent years. Thousands of working families that feared long-term unemployment would have new opportunities for permanent jobs created by the high-speed rail system.

This is the economic engine we need to drive recovery and put us in the lead of innovation, growth and development of new industries.

In addition, high-speed rail will eliminate 12 billion pounds of environmentally damaging emissions each year—the equivalent of removing 1 million cars from our roads. The immediate improvements in air quality are huge, as are the long-term benefits to our state and our planet.

California has a reputation as a state of visionaries -- for good reason. When we see a challenge, we rise to the occasion. We stand ready to become the first state in the nation to fully realize high-speed rail's promise.

We urge you to redirect Florida's funding to California and to authorize on-going funding of high speed rail projects in California and across the nation.

Sincerely,



Art Pulaski
Executive Secretary-Treasurer

**Metro**Los Angeles County
Metropolitan Transportation AuthorityOne Gateway Plaza
Los Angeles, CA 90012-2952**Don Knabe**
Chair
213.922.4590 Tel
213.922.4594 Fax

March 9, 2011

The Honorable Barbara Boxer
Chair
U.S. Senate Committee on Environment and Public Works
SD – 410
Washington, DC 20510

Dear Chair Boxer:

On behalf of the Los Angeles County Metropolitan Transportation Authority (Metro), I want to convey my appreciation for providing Metro with an opportunity to testify before the joint transportation hearing held in Los Angeles County on February 23, 2011. The hearing offered a welcome opportunity for myself and other major transportation stakeholders in the State of California to discuss the importance of reforming and improving our nation's surface transportation program, while concurrently keeping our focus squarely on the importance of job creation.

Following my testimony, I was asked to provide a detailed explanation of the enhancements our agency is recommending for the Transportation Infrastructure Finance and Innovation Act (TIFIA) program and our suggestion with respect to a new transportation bond program. I am pleased to provide the attached document which details our specific requests with regard to the existing TIFIA program and our proposed bond program. Our agency is very pleased with our ongoing dialogue with your committee staff on these proposals and would welcome additional comments that can further strengthen our proposal.

Metro very much looks forward to working with you and your colleagues in the U.S. House of Representatives and U.S. Senate to advance a multi-year surface transportation bill. Please let me know if I can be of assistance as you work together to promote mobility across all modes of transportation in our nation.

Sincerely,


Don Knabe
Chairman

DK:jm

Enclosure

**Executive Officers****Jacob Lipa, Chairman**
PricewaterhouseCoopers**Brad Cox, Immediate Past Chairman**
Trammell Crow Company**Alan Rothenberg, Vice Chairman**
U.S. Century Bank**Richard Ziman, Vice Chairman, Chairman's Circle**
Athenian Value Partners**Mary Leslie, President**
Los Angeles Business Council**Chairman's Circle**Alan J. Abner, **Greenberg Traurig**Celeste Altman, **Harworth**Elen Benkowitz, **Hanatt, Phelps, Phillips LLP**Linda Bernhardt, **Loeb & Loeb LLP**Andy Cohen, **F&A Gensler**Jonathan Cowan, **Sony Pictures Entertainment**Joachim DeMott, **Arden Realty**Shaun Denton, **Sengra Energy Utilities**Kevin Dev, **Turner Construction Co.**Tom Finlon, **Kinzel Gagan**Ken Gies, **Macerich**John Goodwin, **Westfield Group**Ron Griffin, **Century Housing Corporation**Daniel Howard, **Lodgen, Lecher, Golditch, Scull Saundee & Howard**Deborah Kalick, **Cedars-Sinai Health System**John Kives, **Equinox**Jaime Koberg, **California Strategies**James King, **Falcon Waterfree Technologies**Janet Larkin, **Bank of America**Antonio Manning, **J.P. Morgan Chase**Mike Mossy, **National JTC Corporation**Gregory P. Pederos, **Centennial Founders, LLC**Guy Molula, **Parsons**Andy Meyers, **Shangri-La**George Mikson, **Latham & Watkins**Jerry Torres, **CresaPartners**Commissioner Joe Ramirez, **LA Dept. of Water & Power**Kevin Rabner, **Forest City**Daymond Rice, **Vons**Michael Rosenfeld, **Next Century Associates, LLC**David C. Sears, **J.P. Morgan Investment Mgmt., Inc.**Carmel Seto, **Wells Fargo Bank**Sarah Shaw, **JMB Realty Corporation**Patti Shwayder, **AHMC**John Semken, III, **Majestic Realty Co.**Howard Surkin, **Los Angeles Dodgers**Lon Tierney, **Unisource Solutions**Steve Veske, **SNR Denton US LLP**Greg Wilk, **MacFarlane Partners**Nadine Watt, **Watt Companies**Mike Whitey, **SunPower**William Witt, **Related Companies of California**Hastan Zelman, **DLR Group WWCO**

February 22, 2011

The Honorable Barbara Boxer
US Senate
112 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Boxer:

The Los Angeles Business Council (LABC) asks that you support AMERICA FAST FORWARD, a national effort to improve the way we finance transportation projects so that our cities and states can access capital and create jobs now. This initiative will leverage private capital to create on million private sector infrastructure jobs nationwide, empower local communities with forward looking financing tools and does so in a way that does not add to the national deficit.

AMERICA FAST FORWARD:

- Will create jobs right now by empowering local communities.
- is a new and innovative way to support tens of thousands of Main Street American businesses.
- will leverage private capital to create one million private sector infrastructure jobs nationwide.

The LABC has a long history in supporting transportation infrastructure projects that will create and retain jobs in our region. We were the initial business organization to support Metro's Measure R program, and the Mayor's 30/10 Initiative.

AMERICA FAST FORWARD will create jobs by empowering local communities with forward-looking financing tools that will allow them to focus their own communities resources directly on the priorities that will best lead to real job creation right now, and does so in a way that does not add to the nation's budget problems.

AMERICA FAST FORWARD empowers local communities by giving them the decision-making authority when it comes to identifying what jobs initiatives will best serve the priorities of their communities. Second, AMERICA FAST FORWARD will not harm the federal budget as the federal government will provide AMERICA FAST FORWARD JOB CREDIT

GUARANTEES and only where there are locally-based and dedicated funding streams to guarantee that federal taxpayers are made whole for any credit that is provided. Moreover, credit amounts will be capped well below the projections of the dedicated funding source. Third, AMERICA FAST FORWARD allows communities to issue AMERICA FAST FORWARD JOB BONDS for local jobs initiatives with a tax credit in order to secure favorable financing terms so that as large a percentage of public resources are in fact directly supporting immediate job creation at the local level. And, fourth, the AMERICA FAST FORWARD credit and bonds will only be made available in instances where there is real accountability in terms of a specifically identified initiative that will result in jobs.

For the reasons above, the LABC asks you to support AMERICA FAST FORWARD.
Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Mary Leslie".

Mary Leslie
President, LABC

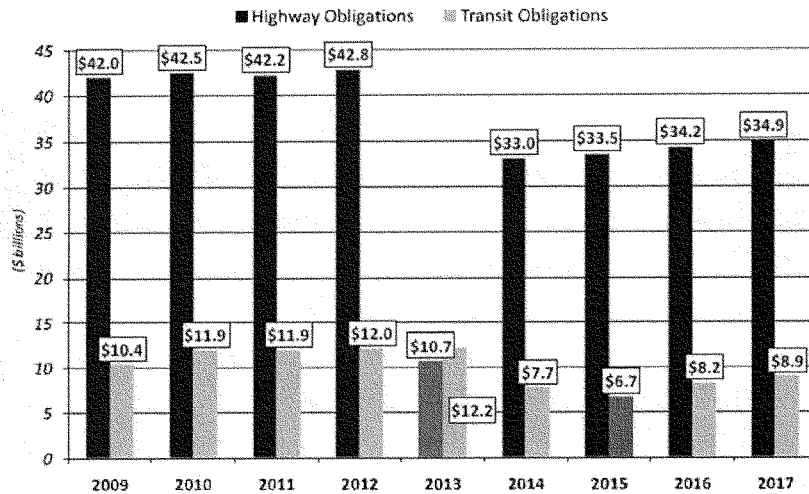
**America Fast Forward
Proposed Federal Financing Tools
To Stimulate Transportation Infrastructure Investment**

March 9, 2011

The Problem: Trust Fund Eroded by Flat Fuel Taxes and Increases are Off-the-Table

Highway Trust Fund (HTF) revenues have been declining because fuel tax revenues are flat. Per-gallon taxes do not keep pace with any measure of mobility: Population, inflation, and especially vehicle miles all grow faster than the consumption of increasingly costly fuel. In fact, the Congressional Budget Office has projected that the HTF's Highway Account could run dry in Fiscal Year 2012 and the Transit Account will run dry in Fiscal Year 2013. The following graph illustrates the projected decline in Federal highway and transit obligations through 2017 based on current HTF revenues with no General Fund relief.

**Estimation of Federal Highway and Transit Obligations
Through 2017 Based on Current Trust Fund Revenues**



Source: American Association of State Highway and Transportation Officials, 2011 (AASHTO)

This nationwide infrastructure investment gap has become a big and growing problem with dire consequences. In the short-term, this problem will contribute to unemployment and a sluggish economy. In the long-term, economic growth, competitiveness, and overall quality of life will suffer. Since fuel tax increases appear to be politically unrealistic for the

foreseeable future, we propose a creative way to employ private capital investment for targeted mobility needs.

Solution: Federal Financing Support to Leverage Local Funding

While we wait for policy makers to decide how to address the fundamental problem of lack of revenues for infrastructure investment, there are short/medium-term financing initiatives that could help significantly and would not be budget busters --> the sorts of credit and tax incentives proposed herein.

The federal government has various policy tools at its disposal to encourage investment in targeted sectors. These include:

- Direct grants to reimburse capital costs;
- Credit assistance in the form of loans and guarantees;
- Regulatory reforms to accelerate development and reduce costs; and
- Tax incentives to reduce borrowing costs.

Together, these tools can be used to design a balanced strategy for advancing major infrastructure investments.

This policy brief outlines the two federal policy tools that could be used to maximize the leveraging of local revenues:

- A. a new tax-preferred bonding program for surface transportation (Qualified Transportation Improvement Bonds, or QTIBS);and
- B. an enhanced Transportation Infrastructure Finance and Innovation Act (TIFIA) federal credit assistance program.

These financing tools will *not* replace the existing federal assistance program structure for state and local project sponsors. Rather, making them available should incentivize jurisdictions that are willing to impose fees and taxes on themselves in order to undertake *transformational* investments. In this way, the federal government can encourage significant state and local investment in sustainable transportation solutions while limiting the federal budgetary commitment.

The following pages provide a table summary and general explanation for both QTIBs and TIFIA.

A. General Explanation of Qualified Transportation Improvement Bonds (QTIBs) Proposal

EXECUTIVE SUMMARY

Provision	Rationale
<p>1. Amend section 54 of the Internal Revenue Code to establish a new category of qualified tax credit bonds for surface transportation - called "Qualified Transportation Improvement Bonds" (QTIBs).</p>	<p>Would create a sixth class of tax-preferred bonds called qualified tax credit bonds specifically designed to stimulate greater investment in surface transportation infrastructure projects. By subsidizing most or all of the interest cost of infrastructure bonds, the federal government can more than double the amount of investment generated by local and state revenue streams.</p>
<p>2. Authorize the issuance of \$45 billion of QTIBs by state and local governments sponsoring eligible projects over a 10-year period.</p>	<p>A national program of \$45 billion would: (1) Be a meaningful supplement to the existing federal programs supported by the Highway Trust Fund; and (2) Be phased in over 10 years (\$4.5 billion per year) in order to meet the funding needs of multi-year capital programs and cushion the budgetary impact of the tax credits. The estimated scored budget cost of the national program is about \$10 billion (net tax expenditures over the 10-year budget window).</p>
<p>3. Authorize the Secretary of Transportation to allocate 65 percent of the total issuance volume to sponsors of certain large public transportation projects.</p>	<p>The Secretary of Transportation would allocate 65 percent of the volume cap (\$29.25 billion over 10 years) to "mega projects" that meet certain national investment policy goals, cost at least [\$1 billion], and receive not more than [30 percent] of their capital funding from federal grants.</p>

Provision	Rationale
<p>4. Direct the Secretary of Transportation to allocate the remaining 35 percent of the total issuance volume to the states by formula.</p>	<p>The Secretary would allocate the remaining 35 percent of the volume cap to the states by formula. The states would select eligible projects to benefit from the federal subsidy. The projects could be any surface transportation capital investment costing at least \$10 million and otherwise eligible for assistance under either title 23 or chapter 53 of title 49. Of the \$15.75 billion allocated over 10 years for these purposes, half would be allocated to all the states according to their share of the national population and half would be allocated to "low density" states according to their share of the total population of all low density states (those states with a population density less than the national average of 87 persons per square mile).</p>
<p>5. Authorize QTIBs to have a maximum maturity equal to the lesser of 35 years or that term which would result in the discounted present value of the bonds equaling 20 percent of the maturity value.</p>	<p>Because of the long-term nature of transportation assets and their extensive public benefits, this provision would enable QTIBs to have a longer final maturity date than existing qualified tax credit bonds for other purposes. The longer the maturity, the greater is the effective federal subsidy. However, the final maturity date could not exceed the lesser of 35 years or such shorter term resulting in an effective non-federal share (equal to the present value of the bond principal) of 20 percent.</p>
<p>6. Authorize the issuers of QTIBs to elect to receive refundable tax credits that they can present to the Treasury for cash reimbursements.</p>	<p>Allowing the state and local issuers of QTIBs to present refundable credits to the Treasury for cash allows the bonds to be sold to investors as taxable interest-bearing obligations, greatly enhancing their marketability over bonds paying investors interest in the form of tax credits. This refundable credit "direct pay" mode was authorized by Congress in 2010 for most of the tax credit bond programs. It allowed the bonds to be sold at a lower required return to the investor, achieving a greater investment effect for the tax credit cost.</p>

General Explanation QTIBs: Detailed Description

This proposal calls for the creation of a new category of qualified tax credit bonds – called Qualified Transportation Improvement Bonds (QTIBs) – as follows:

1. Amend section 54 of the Internal Revenue Code to establish a new category of qualified tax credit bonds for surface transportation. This provision would create a new class of qualified tax credit bonds, called “Qualified Transportation Improvement Bonds” (QTIBs). Qualified tax credit bonds are taxable rate bonds issued by state, local or other eligible issuers where the federal government subsidizes most or all of the interest cost through granting investors annual tax credits in lieu of cash interest payments from the borrower. Qualified tax credit bonds differ from other federally-subsidized bonds such as Build America Bonds in several important respects:

- The permitted purposes are more narrowly defined;
- The issuance volume is legislatively capped;
- The maximum interest rate subsidy is set daily by the U.S. Treasury; and
- The maximum term of the bonds is set monthly by the U.S. Treasury.

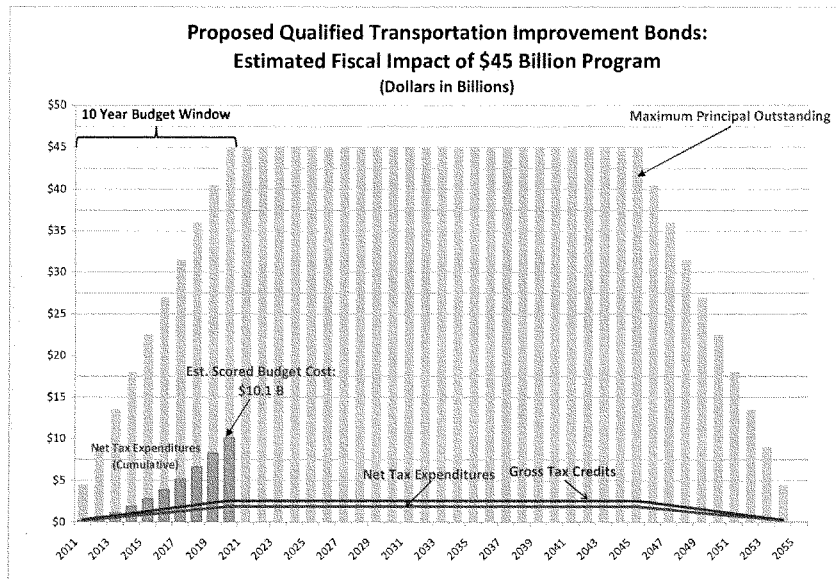
Congress to date has authorized qualified tax credit bond programs totaling in excess of \$36 billion for forestry conservation, renewable energy projects, energy conservation, qualified zone academies and new school construction. QTIBs would represent a sixth class of such bonds, targeted at surface transportation capital projects.

2. Authorize the issuance of \$45 billion of QTIBs by state and local governments sponsoring eligible projects over a 10-year period. QTIBs would be authorized in the amount of \$4.5 billion per year over a 10-year period, or \$45 billion in total, as shown in the table below. Unissued amounts could be carried forward to future years. The estimated scored budget cost derives from the net federal tax expenditures (foregone receipts) associated with the annual tax credits. Over the 10-year budget window, that budget impact is estimated to total just over \$10 billion assuming the issuance of \$45 billion of QTIBs according to the schedule shown.¹

FFY	Max. Cumulative QTIBs Outstanding	Net Fed Tax Expenditures (Annual Score)	FFY	Max. Cumulative QTIBs Outstanding	Net Fed Tax Expenditures (Annual Score)
2011	\$4.5 billion	\$0.2 billion	2016	\$27.0 billion	\$1.1 billion
2012	\$9.0 billion	\$0.4 billion	2017	\$31.5 billion	\$1.3 billion
2013	\$13.5 billion	\$0.6 billion	2018	\$36.0 billion	\$1.5 billion
2014	\$18.0 billion	\$0.7 billion	2019	\$40.5 billion	\$1.7 billion
2015	\$22.5 billion	\$0.9 billion	2020	\$45.0 billion	\$1.8 billion

¹ In addition to assumptions about the pace of bond issues and redemptions, the estimated net tax expenditures depend on the tax credit rate and the average marginal tax rate of bond investors.

The chart below illustrates the fiscal impact of the program proposal, including the derivation of the estimated scored budget cost.



- The orange bars show the outstanding principal amount of QTIBs, assuming the maximum amount of bonds authorized each year (\$4.5 billion) is issued over the 10-year authorization period (2011-2020). The outstanding principal amount would grow by \$4.5 billion each year, leveling off at \$45 billion upon the issuance of the bonds authorized for 2020. The bonds would have a maximum term of 35 years, meaning that they would be retired during the 2046-2055 time period.
- The blue line shows the gross tax credits paid out by the Treasury over the life of the bonds. This annual amount is determined by multiplying the tax credit rate by the outstanding principal amount of bonds. In this example, the annual gross tax credits peak at \$2.55 billion per year when the outstanding principal amount of bonds reaches \$45 billion (assuming a 5.67% interest or tax credit rate on the bonds in this example).
- The red line shows the net tax credits paid out by the Treasury. These payments equal the gross tax credits minus the federal taxes realized by the government because the tax credits received by the bondholders are treated as taxable interest income (the QTIBs are taxable bonds). This "net tax expenditures" line represents the net effect on federal revenues of the QTIBs. In this example, the average

marginal tax rate of the bondholders is assumed to be 28%, meaning that the net tax expenditures are 72% of the gross tax credits, peaking at \$1.84 billion per year during the 2020-2045 time period.

- The estimated budget cost of the QTIBs program proposal is represented by the pink bars. They show the cumulative net tax expenditures over the 10-year budget window. This estimated scored cost of the national program is \$10.1 billion.

3. Authorize the Secretary of Transportation to allocate 65 percent of the total issuance volume to sponsors of certain large public transportation projects. The Secretary of Transportation would allocate 65 percent of the volume cap (\$29.25 billion over 10 years) for public transportation “mega projects” with significant regional and national benefits that:

- Promote safety, economic competitiveness, livability and environmental sustainability;
- Have capital costs of at least [\$1 billion]; and
- Receive not more than [30 percent] of their funding from federal grants under title 23 or chapter 53 of title 49.

By providing these major projects with tax subsidies, the federal government can leverage state, local and private resources to undertake *transformational* investments while spreading out the fiscal impact over a longer time period commensurate with asset lives and public benefits.

4. Direct the Secretary of Transportation to allocate the remaining 35 percent of the total issuance volume to the states by formula. The remaining 35 percent of the national volume cap would be used to finance any highway or transit capital project eligible under title 23 or chapter 53 of title 49 having a cost of \$10 million or more (qualified transportation improvement projects). Half of this volume would be allocated among the states based on their share of the nation’s population. The other half would be allocated according to the share of aggregate population among those states having a population density not greater than the national average of 87 persons per square mile. Each state would select the projects to receive volume allocation from its portion of the 35 percent formula distributions.

Summary of Proposed Allocation of QTIBS
(\$ in billions)

Discretionary Allocation—Mega Projects	\$ 29.250	65.0%
Formula Allocation by Population—All States	\$ 7.875	17.5%
Formula Allocation by Population—Low Density States	\$ 7.875	17.5%
Total	\$ 45.000	100.0%

5. Authorize QTIBs to have a maximum maturity equal to the lesser of 35 years or that term which would result in the discounted present value of the bonds equaling 20 percent of the maturity value. Consistent with the existing qualified tax credit bond programs, the Treasury Department would set the maximum reimbursable rate for the bonds marketed each day such that the bonds can be sold at their face (par) amount, without interest cost to the issuer. Every month, the Treasury would establish the maximum permitted final maturity that would result in the discounted present value of the bonds equaling 20 percent of the maturity value (i.e., an effective 80 percent federal share, consistent with other federal surface transportation assistance programs) – provided that in no case would the bond maturity extend beyond 35 years. While this is a deeper federal subsidy than the 50 percent level for other types of qualified tax credit bonds, it is justifiable based on the long-lived nature of transportation infrastructure investments and their substantial public benefits.

6. Authorize the issuers of QTIBs to elect to receive refundable tax credits that they can present to the Treasury for cash reimbursements. In 2010 Congress authorized issuers of most types of tax credit bonds to elect to receive refundable tax credits that they could present to the Treasury Department for cash. This feature allows the bonds to be sold to investors as taxable interest-bearing obligations, substantially enhancing their marketability over bonds paying investors interest in the form of tax credits. The refundable credits allowed the bonds to be sold at yields 1% to 2% lower than bonds with non-refundable credits.

Non-Refundable Tax Credits

A non-refundable tax credit may only be applied by the recipient (bond investor) against federal income taxes and certain other federal tax liability. For a long-term investment like a bond, the investor faces substantial tax uncertainty in future years. If the investor does not have taxable income, the credit has no current value, although it may be carried forward to a later year. Non-taxable investors would have no demand for this product. While tax credits may be stripped from the underlying bonds and marketed separately, today there is no established market for such tax credit strips. For these reasons, the market is *extremely limited* for non-refundable tax credit bonds, and there is virtually no secondary market (no liquidity). Market data point this out: Under the largest existing tax credit bond program (\$22 billion authorized for Qualified School Construction Bonds, or QSCBs), only 20 percent of the 2009 authorized volume was sold in the first 12 months.

Refundable Tax Credits

Refundable tax credits may be presented by the recipient to the Treasury for cash, eliminating the tax risk to the investor. Under a refundable tax credit bond, the issuer sells the bonds as standard interest-bearing taxable-rate obligations, and the *issuer* (rather than the investor) is entitled to receive a cash rebate from the Treasury. This simplifies the marketing process and opens up enormous sources of capital from institutional investors who pay little or no federal income tax, including pension funds, endowments, life insurance companies, and foreign investors. The Hiring Incentives to Restore Employment (HIRE) Act of 2010 allowed some \$30 billion of school construction, qualified academy, clean renewable energy and energy conservation tax credit bonds to be issued with *refundable* credits.

Federal Interest Subsidy & Tax Credit Refundability

For qualified tax credit bonds, the Treasury sets a daily rate for its interest rate subsidy for bonds priced that day. The index level is supposed to allow issuers to borrow without interest cost. The current rate is approximately 5.4 percent.² The *actual* yield required to attract an investor may be higher or lower than the Treasury index, depending on credit, liquidity and other factors. If higher, the issuer typically pays a “supplemental coupon” of cash to augment the Treasury reimbursable rate. If lower, the Treasury reduces its subsidy rate for that issuer to the market yield. There was a dramatic impact on required investor returns on Qualified School Construction Bonds when Congress, through the HIRE Act of 2010, converted most of the qualified tax credits from non-refundable to refundable. On average, making the credits refundable saved issuers 110 basis points (1.1%), and sometimes as much as 2% to 3%, in annual interest cost compared with the yield required for non-refundable credits. Two and a half times the dollar volume of bonds was sold post-HIRE (\$6.0 billion) vs. pre-HIRE (\$2.4 billion) over similar time periods, reflecting in large part the improved marketability of the bonds. For the \$6.0 billion of post-HIRE QSCBs sold thus far by 402 school districts, making the credits refundable is saving approximately \$1.1 billion in unnecessary interest expense over the life of the bonds.

Implications for the QTIB Program

Refundable tax credits will be important—perhaps essential—for efficient execution of a large new tax credit bond program. It opens up the market for huge institutional buyers, like CalPERs and TIAA-CREF. Making QTIB tax credits refundable should not produce a materially-higher scored cost due to an “acceleration effect” (as was calculated for the HIRE Act tax credit conversions) since the proposed QTIBs issuance schedule is extended (and tax expenditures are deferred) by authorizing only 10 percent of the total bond volume to be issued each year. Even *with* refundable credits, the federal index for reimbursement rates still has covered only 92 percent of the average interest cost, rather than 100 percent

² The Treasury-set QTCB rate as of 3-9-11 was 5.38%.

as Congress intended. If legislation were to require the use of non-refundable tax credits, there are three possible outcomes:

- The Treasury index could be adjusted to a higher yield to properly reflect the market clearing rate for less liquid non-refundable tax credits (this could increase the scored cost by about 25 percent);
- A centralized nationwide conduit issuer of tax credit bonds could be established to help create a secondary market for the non-refundable tax credits, thereby improving liquidity and reducing the required yield; or
- The issuers of bonds with non-refundable tax credits could be forced to pay supplemental coupons, which would significantly diminish the financial benefit of the tax subsidy to project sponsors.

B. General Explanation Transportation Infrastructure Finance and Innovation Act (TIFIA) Proposal

EXECUTIVE SUMMARY

Provision	Rationale
<p>1. Increase program funding from \$122 million (SAFETEA-LU authorization) to at least \$375 million per year.</p>	<p>Would allow TIFIA to expand from ~\$1.2 billion to ~\$3.75 billion/year of loans, responding to heightened demand for program assistance. Additional funding would better support partial interest rate subsidies (as described in #5 below).</p>
<p>2. Increase the maximum TIFIA share from 33% to 49%.</p>	<p>Given continuing uncertainty in the tax-exempt bond market, would allow TIFIA to fund a greater share of project costs – provided the TIFIA loan achieved an investment grade rating (BBB rating category or higher) and was backed by a senior lien on pledged revenues.</p>
<p>3. Broaden eligibility to include programs of related projects.</p>	<p>Would extend to all eligible surface modes the current provision for freight / intermodal connector projects, allowing the general \$50 million size threshold to be met through a portfolio of projects backed by a common security pledge.</p>
<p>4. Authorize DOT to make upfront “Master Credit Agreements” for larger projects and programs.</p>	<p>Would make TIFIA assistance more predictable for larger, multi-year phased capital programs by giving an upfront conditional commitment (through a Master Credit Agreement), with actual loan funding subject to satisfaction of all necessary federal requirements (such as credit rating, environmental approval, etc.). Qualifying projects also would need to meet certain criteria, including receiving not more than [30 percent] of funding from federal grants and having a minimize size of [\$1 billion].</p>

Provision	Rationale
<p>5. Authorize DOT to offer a <i>limited</i> interest rate hedge for Master Credit Agreements.</p>	<p>Would cushion the financing risk for projects receiving an upfront conditional commitment (as described in #4 above) resulting from rising interest rates between the dates of executing the Master Credit Agreement and finalizing the underlying loan agreement(s). This would be accomplished by allowing DOT to use [25 percent] of TIFIA annual funding to buy down the prevailing interest rate in such circumstances by up to [1.0] percent.</p>
<p>6. Eliminate the "Springing Lien" for certain types of secured loans.</p>	<p>Would allow investment grade TIFIA loans to be truly subordinate where they are payable from pledged revenues not affected by project performance, such as local/regional taxes or system revenues. Such fully subordinate loans would have to receive an investment grade rating and be capped at 33 percent of project costs.</p>

General Explanation of TIFIA Proposal: Detailed Description

This proposal would amend chapter 6 of title 23, United States Code, to modify the Transportation Infrastructure Finance and Innovation Act (TIFIA) program as follows:

1. Increase annual funding from \$122 million (SAFETEA-LU authorization) to at least \$375 million.³ This responds to expressed demand for TIFIA assistance and enables DOT to provide greater financing assistance to a larger volume of major projects. The \$375 million subsidy funding level could support annual credit commitments (face amount of loans) totaling approximately \$3.75 billion, assuming an average program subsidy rate of 10 percent. It is assumed that most loans would continue to be made at the Treasury rate (with no interest rate subsidy and a 10 percent average credit risk subsidy, as occurs today). However, if Congress authorized the use of limited interest rate subsidies for certain projects, as described below under item #5, then the average subsidy rate would be somewhat higher – perhaps in the 15 to 20 percent range. In that case, unless Congress also approved even greater annual funding, the supportable loan level might be limited to \$2.0-2.5 billion.
2. Increase the maximum TIFIA share of project financing from 33 percent to 49 percent. Increasing the TIFIA share would help more projects achieve financial feasibility. As long as project reliance on federal grant funding is minimal (e.g., below 30 percent), TIFIA assistance still would generate considerable private and other non-federal co-investment. Any loan greater than 33 percent of eligible project costs would need to have a senior (rather than subordinate) lien on project revenues, and should be investment grade (rated BBB- or higher).
3. Broaden eligibility generally to include *programs of related projects otherwise eligible*. This would put other TIFIA-eligible surface projects on a similar footing as freight-related intermodal projects, for which eligibility was broadened under SAFETEA-LU to include a *series of related projects*. Specifically, this provision would explicitly extend TIFIA eligibility to multi-project capital improvement / renewal programs involving major reconstruction and/or rehabilitation that improve system performance by supporting a state of good repair.
4. Authorize DOT to make upfront contingent credit commitments for certain large projects or programs of related projects. The TIFIA program offers financing secured by revenues generated by or dedicated to individual projects. Under current law, before the execution of an agreement that commits credit assistance, a project sponsor must receive its final environmental approvals, have detailed cost estimates pursuant to a substantial

³ By way of comparison, the National Surface Transportation Infrastructure Financing Commission recommended in its report to Congress increasing annual TIFIA subsidy funding to \$300 million per year, while the President's FY 2012 Budget proposes annual subsidy funding of \$650 million to fund surface transportation loans (\$450 million for TIFIA and \$200 million for the National Infrastructure Bank).

level of design / engineering work or an executed construction agreement, and have a complete plan of finance with all other financial commitments in place. This provision would authorize DOT to make upfront contingent credit commitments for certain large projects or programs of related projects that will be phased in over a period of several years, by means of a *Master Credit Agreement*. This provision would be limited to that subset of TIFIA eligible projects that satisfy certain more rigorous criteria, described below.

The Master Credit Agreement would mitigate financing risk for such large initiatives by committing DOT to providing one or more future loans or other federal credit instruments for eligible projects, subject to satisfaction of necessary federal requirements and availability of future program funding. Actual loan draws under the Master Credit Agreement would be contingent upon the recipient project(s) meeting all relevant federal requirements, including the federal planning and programming requirements and the final environmental approvals under the National Environmental Policy Act. Furthermore, DOT could enter into a Master Credit Agreement only if dedicated revenue sources have received any necessary state or local approvals and can be committed to the eligible projects.

In order to qualify for an upfront contingent credit commitment, a project or program of related projects must:

- (a) Be a [public transportation capital] project or program that significantly enhances safety, economic competitiveness, livability and environmental sustainability;
- (b) Receive not more than [30 percent] of its funding for capital costs from federal highway or transit capital grants (made available under title 23 or chapter 53 of title 49); and
- (c) Have total eligible project costs that equal or exceed [\$1 billion].

In this way, the Master Credit Agreement will be targeted to that subset of TIFIA-eligible projects and programs with the greatest scope and complexity.

5. Authorize DOT to offer a *limited* interest rate hedge to a project sponsor receiving an upfront contingent credit commitment. The use of a Master Credit Agreement, as described under item #4 above, is intended to facilitate the financing of major initiatives with very large public benefits that must be phased in over a period of years. Authorizing DOT to make contingent commitments for phased programs mitigates selection risk in future years, and provides public and private funding partners with assurance that federal financing assistance will be made available when needed, subject to funding availability and other conditions.

This provision authorizes DOT to further mitigate financing risk for such large initiatives by offering limited interest rate subsidies. Although DOT could provide an upfront contingent commitment through a Master Credit Agreement under this proposal, it cannot execute an underlying loan agreement and lock in the loan interest rate until the recipient project(s)

has met all federal requirements, including receipt of a final NEPA decision. The TIFIA loan interest rate, which is a key feature of the financial plan, might rise significantly between the date of the Master Credit Agreement and the execution of the underlying loan agreement. Since such a rise would negatively impact the project financial plan, DOT could “buy down” the then-higher interest rate, using the interest rate that prevailed at the time of the Master Credit Agreement as a benchmark. In order to ensure that this interest rate hedge is used sparingly and does not crowd out DOT’s ability to fund other project loans, the provision could be capped. For example, Congress could specify that not more than [25 percent] of the TIFIA program funding be used for this purpose and establish a maximum interest rate subsidy (e.g., authorize DOT to subsidize the interest rate up to 100 basis points, or one percentage point, below the prevailing Treasury rate at the time the loan agreement is executed and funds are obligated).

6. Authorize DOT to provide a loan with a fully subordinate lien on pledged revenues if certain conditions are met. Currently, DOT may make “functionally subordinate” TIFIA loans with a secondary or junior claim on pledged revenues, thereby enhancing the credit quality of senior debt obligations and facilitating their access to the capital markets. But such TIFIA loans must “spring” to parity with the senior debt if there is a bankruptcy-related event (default leading to bankruptcy, insolvency or liquidation). This non-subordination or “springing lien” provision was intended to reduce the likelihood of federal losses associated with project financings backed by relatively risky project-based repayment sources or other features leading to lower credit ratings (e.g., start-up toll roads).

However, it also has made it problematic for governmental borrowers with ongoing capital programs and outstanding senior bonds to take advantage of the TIFIA program’s flexible payment features. This is because it frequently is very difficult or impossible to work a junior TIFIA loan with a springing lien into an existing bond indenture. Having to issue a TIFIA loan on the senior lien instead, on parity with other senior bondholders, significantly reduces the value of the TIFIA financing subsidy.

This provision would authorize DOT to make a fully subordinate TIFIA loan to a governmental borrower with a *tax-backed* revenue pledge or a *system-backed* pledge of project revenues that enables the TIFIA loan to achieve an investment grade rating. In addition, the fully subordinate TIFIA loan could not exceed 33 percent of total eligible project costs. The non-subordination or “springing lien” provision would remain for other projects and credit structures.



**Improving and Reforming
Our Nation's Surface Transportation Programs
To Support Job Creation and the Economy**

Statement of

**Debra L. Hale
Executive Director, Transportation Agency
For Monterey County, CA
Chair, APWA Transportation Committee**

**Joint Hearing of the
House Committee on Transportation and Infrastructure
And the Senate Committee on Environment and Public Works**

February 23, 2011

Chairwoman Boxer and Chairman Mica, thank you for the opportunity to submit testimony for this joint hearing of the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works.

I am Debra Hale, Executive Director of the Transportation Agency for Monterey County, California and Chair of the American Public Works Association's (APWA) Transportation Committee. APWA is an organization dedicated to providing public works infrastructure and services to millions of people in rural and urban communities, both small and large. Working in the public interest, APWA members plan, design, build, operate and maintain our vast transportation network, as well as other key infrastructure assets essential to our nation's economy and way of life. I submit this testimony on behalf of APWA's 29,000 members.

Every community has a stake in the future of our transportation system. Local governments own about 75 percent of the nearly four million-mile roadway network and nearly 51 percent of the nation's bridges (nearly 300,000 bridges under local control) and manage about 90 percent of the transit systems. With nearly every trip beginning and ending on a local road, street or sidewalk, a strong local-state-federal partnership is key to ensuring a safe, seamless and efficient multi-modal transportation system.

Investment in transportation projects is a proven way to boost the economy. Every \$1 billion invested in transportation generates an estimated 27,800 jobs and up to \$6 billion in additional gross domestic product. Our nation cannot remain economically competitive with the rest of the world if our transportation system is left inadequate and crumbling. Investment to improve and repair our deteriorating surface transportation network will build the foundation for long-term and sustained economic growth. A continued federal role in the funding of our national, regional and local transportation systems is critical to job-creation, economic health, safety and welfare of our country.

APWA recognizes the critical need for increased investment at the national level to build and maintain our nation's transportation network. We have continually spoken in favor of more funding through multi-year federal authorizations for highways and arterial streets in urban areas and major county roads in rural areas, for bridges and for public transportation.

We have supported the use of motor fuel tax revenues for purely transportation purposes, supporting firewalls and guaranteed funding and striving to avoid diversions of these funds to non-transportation programs.

Consistently, we have cited the gap that is growing between transportation needs and motor fuel tax revenues, and we have urged that gas taxes be adjusted upward to close this gap. We believe a funding and financing crisis is upon us, and that we must act accordingly.

There is an urgent need for more state and federal funds for local transportation system improvements. The need for street and bridge improvements is overwhelming where

aging infrastructure is deteriorating and congestion levels are increasing. In addition, the need to make our transportation system safer for all users, motorists, pedestrians and bicyclists is a top priority for local officials.

We urge the Congress to act quickly to pass a multi-year surface transportation bill which will provide long-term, sustained and sustainable revenue sources and the funding necessary to meet the needs of our aging transportation system. This will create jobs, reinvigorate our economy and strengthen our global competitiveness. To achieve this: first, revenue sources must be clearly identified and dedicated to providing funding for the full costs of construction, operation, maintenance, preservation and reconstruction of national and regional multimodal surface transportation systems to move people and goods to serve our economy, support healthy communities and protect our environment. Moreover, local governments should receive federal and state funding support for the costs these entities incur in providing the local network that gives people and businesses access from their neighborhoods to the regional and national transportation systems.

We believe that achieving stable, sustainable, long-term funding for our transportation needs requires implementing a mix of financing approaches and mechanisms, including the following:

Raise the Motor Fuel Tax and Index It

APWA recommends that the current federal motor fuel tax rate be raised to restore the purchasing power lost to inflation since its last increase in the 1990s, and then index it to automatically adjust on a timely interval using an appropriate index such as the CPI.

Vehicle-Mileage Fees

APWA supports incentives to develop new concepts to offset revenue losses caused by more fuel-efficient vehicles. One such concept is the vehicle-miles driven approach in addition to gas taxes or in lieu of gas taxes. This is a technology-driven application that records vehicle miles driven to allow equitable payment of a fee to the state or federal government, based upon an established rate per vehicle-mile driven. The most efficient approaches are yet to be determined, but these concepts are worthy of review and consideration.

Expand Access to Innovative Financing Tools

APWA recommends further expansion of the use of financing mechanisms such as Public Private Partnerships, tolling, congestion pricing, and "pass through financing." The latter has proven to be quite successful in states such as Texas. Cities and counties are stepping up to design, construct and fund highway improvements in urban areas using revenue bonds backed by guaranteed revenue streams. The cities and counties in so doing are also guaranteeing their own revenue streams to help ensure low interest rate financing of these specific projects.

Utility System/Enterprise Funds Model

APWA recommends that the federal government look at transportation funding in the same way that cities look at utility systems and enterprise funds. The essence of this

approach would be for the federal government to create an independent entity that would be given the authority to oversee an ongoing revenue stream, such as periodic increases in the gasoline tax, tolls or vehicle mileage fees, to fund transportation needs without the requirement for Congressional action, but with Congressional oversight. This would also be similar to the mechanism used to finance local water or sewer systems, storm drainage utilities, or municipal utility districts. A portion of that steady revenue stream could be used to finance bonds for needed improvements or expansions of the assets of the enterprise, while the remainder could be used to finance investments over time. An example at the federal level is the US Postal Service, in which revenues are proposed on a regular basis based on financing needs, managed by a quasi-independent Board of Directors.

Incentives for Local Financing

APWA supports federal incentives for state and local financing of our transportation system. Many cities are contributing to the financing of local roads and bridges, state highways, interstates and commuter rail and bus transit through voter-approved sales taxes, bond programs, transportation impact fees, stepped up maintenance programs, and dedicated taxes. Others are providing rights of way, matching funds and assisting with the environmental review process.

The leaders of our local governments need to be given incentives to continue such actions on a wider basis. They must know that the new funds generated are used strictly for local purposes, that their projects are given a higher priority than allowed by traditional funding programs, and that their dollars are being leveraged at a higher level as specific projects are funded. With these additional funds, these cities have leveraged their dollars and have sold bonds that are financed by the new revenue streams to improve their local street networks. But in some areas, the state or local restrictions discourage such local transportation financing.

Next, our priorities for surface transportation investment are as follows:

Protection and Preservation

APWA recognizes the preeminent importance of capital reinvestment in transportation infrastructure. Maintaining and improving road and bridge conditions and roadway operations will reduce congestion, improve safety, protect the environment and promote economic development. Protection and preservation of the existing system, therefore, should be the highest priority of reauthorization.

In addition to increased investment in roadway maintenance, APWA also supports increased investment for the Highway Bridge Program to address the nation's highway bridges classified deficient. APWA supports increasing the minimum set aside for off-system bridges to aid communities to meet the enormous need for bridge maintenance and repair.

Goods Movement

The successor to SAFETEA-LU should reflect investments to ensure the effective functioning of a National Highway System that supports intercity, interstate and commercial goods movement corridors. Support of goods movement is critical to local, regional and national economic development and job creation.

Both at the level of international trade and household distribution, increases are expected in freight movement. Increases in US maritime trade will lead to more domestic freight movements. The national freight system is multi-modal and the connections between the modes (port-rail, port-highway, highway-rail) must be enhanced to support this coming growth. Strategies should include a focus on additional capacity, safety improvements to minimize intermodal conflicts or delays, efficiency improvements to reduce supply chain costs and environmental impacts, and regulatory changes to deliver projects faster. As more Internet commerce is conducted, freight and light-duty commercial vehicles trips increase to bring those purchases to the delivery point. Federal funding needs to reflect this growing need for infrastructure to support the movement of goods throughout and outside of our nation.

Safety

APWA supports increased investment through a strong core safety program aimed at improving road and bridge conditions and roadway operations on all public roads and publicly-owned bicycle and pedestrian trails and pathways in order to reduce motorist, pedestrian and bicyclist injuries and fatalities. APWA supports requirements for highway safety plans and that they be developed in consultation with local officials. APWA supports requirements that funding decisions and project priorities be data-driven and based on strategic and performance-based goals. APWA also supports improvements in data collection and sharing and increased investment for research.

Rural roads have significant safety improvement needs. APWA supports increased funding for the High Risk Rural Road Program which targets needed investment for construction and operational improvement projects on the nation's high-risk rural roads.

APWA supports increased funding for the Safe Routes to Schools Program to provide additional needed financial assistance to state, local and regional agencies to implement projects to improve safety in the vicinity of schools.

Solutions to Urban Congestion Problems

APWA members have witnessed an increase in the level of congestion in most urban areas over the past ten years, caused primarily by a significant increase in the vehicles on the highways and city streets in urban areas, and by the increasing number of miles driven annually by the average motorist. While vehicle miles traveled are increasing, new or expanded roadways have not kept pace with demands. This trend is continuing without much relief in sight, resulting in increased delay during peak traffic periods, extended peak periods, longer travel times to and from work, and greater risks for collisions while traveling on the roadways in urban areas.

APWA supports federal and state legislation that provides solutions to the growing urban congestion problem. More funds are needed at the national and state level to address urban transportation facility shortfalls.

APWA members struggle daily to facilitate traffic flow in their communities with limited success. National and state legislation is needed to provide funding for programs that maximize highway and city arterial street construction, and public transportation in urban areas to relieve traffic congestion in urban areas.

Energy Independence through Multimodalism

APWA supports continuation of programs that promote multimodal transportation such as the Congestion Mitigation and Air Quality Improvement Program and the Transportation Enhancements program (provided projects are strictly limited to those that are related to surface transportation). Both of these programs have allowed communities to consider a diversity of projects eligible for federal funding.

Continuing SAFETEA-LU's emphasis on multimodal approaches to transportation programs is critical to improving our energy independence, improving mobility and promoting responsible transportation decision-making. We need to reduce our dependence on foreign oil, as well as the need to reduce the production of greenhouse gases. This mandate places new emphasis on the importance of investing in commuter rail and bus transit. Transit funding in the past has not been on a level playing field with highway and road investments. The time has come to increase our investment in commuter rail and bus transit. The investment in passenger rail, in particular, can have important cross benefits for freight movement via our national rail systems.

Flexibility

To best meet national, state and local transportation needs, APWA urges increased flexibility to use federal funds on a range of transportation alternatives, as well as more flexibility in allowing for contingencies in the planning and funding processes. Without latitude for local flexibility in determining funding sources and amending plans, communities lose the ability to move to the next project in line if an unforeseeable problem develops with a particular project. APWA encourages Congress and the US Department of Transportation to retain and expand flexibility for state and local governments through value added processes, less prescriptive regulations and more timely coordination between federal agencies that implement federal transportation and environmental legislation.

Streamlining of Regulations

Federal and state oversight must be streamlined to ensure the most efficient use of limited federal, state and local fiscal resources. Legislation is needed to address the problem of project delays and rapidly escalating costs associated with regulatory requirements from the numerous federal regulations and agencies. Specific timelines for project reviews and findings by federal and state regulatory agencies for all transportation improvement projects would dramatically reduce the overall time to move a transportation project

through design to construction. APWA supports Congressional actions to streamline project delivery as well as allow alternative methods of project delivery.

We thank you for holding this hearing and are grateful for the opportunity to submit this statement. We look forward to working with you as you complete work on a multi-year surface transportation authorization that repairs, rebuilds and modernizes our transportation system, and strengthens our economy and creates jobs.

CHIEF CONSULTANT
JANET DAWSON
PRINCIPAL CONSULTANT
ED IMAI
SENIOR CONSULTANT
VICTORIA ALVAREZ
CONSULTANT
HOWARD POSNER
COMMITTEE SECRETARY
DENISE PLANTS

Assembly
California Legislature



ASSEMBLY COMMITTEE ON TRANSPORTATION
BONNIE LOWENTHAL, CHAIR

MEMBERS
KEVIN JEFFRIES, VICE CHAIR
KATCHO ACHADJIAN
BOB BLUMENFIELD
SUSAN BONILLA
JOAN BUCHANAN
MIKE ENG
WARREN FURUTANI
CATHLEEN GALGANI
DAN LOGUE
JEFF MILLER
CHRIS NORBY
ANTHONY PORTANTINO
JOSE SOLORIO

February 22, 2011

The Honorable Barbara Boxer, Chair
Committee on Environment and Public Works
United States Senate
410 Dirksen Senate Office Building
Washington, DC 20510-6175

The Honorable John Mica, Chair
Committee on Transportation and Infrastructure
United States House of Representatives
2165 Rayburn House Office Building
Washington, D.C. 20515

Dear Senator Boxer and Congressman Mica:

As Chairman of the California State Assembly Transportation Committee, I write to urge your prompt consideration of California's priorities relative to authorization of a federal surface transportation act.

California's transportation needs are great. Our aging infrastructure, growing population, and eroding dollar together present unprecedented challenges. Now, perhaps more than ever, we need Congress to provide clear policy direction for a sustainable, comprehensive transportation system that meets the following major goals:

- Aging, deteriorating facilities must be restored to a state of good repair;
- Efficient goods movement must be a national economic priority;
- The use of roads, rails, and public transit must be integrated and balanced; and
- Safety and security must be emphasized.

Finally, these goals must be realized with a renewed commitment to environmental stewardship.

To this end, Congress must act now to establish federal transportation policies that are fully funded. Current per-gallon fees are insufficient and alternative means of boosting the Highway and Transit Trust Funds must be identified, immediately. Furthermore, I urge Congress to enact

legislation to study the feasibility of developing a transportation revenue source based on vehicle miles traveled, in order to facilitate the creation of a reliable and steady transportation funding mechanism for surface transportation infrastructure. As you know, California is a leader in finding emission free solutions for travel and transitioning to an alternative transportation revenue base—one not dependent on fuel consumption--will further our policy goals.

Crafting the federal surface transportation authorization is a daunting task and California stands ready to be your partner in this endeavor. Californians have repeatedly demonstrated their commitment to transportation. The most recent example of this commitment is voter approval of nearly \$30 billion in statewide transportation bond measures. Moreover, eighty-five percent of Californians live in "self-help" counties—that is, counties that have voted to impose local sales taxes to support transportation. These counties annually contribute nearly \$3.5 billion towards California's transportation systems.

Additionally, California is in the midst of some of the largest, most complex, most ambitious public works projects in the nation. For example, Los Angeles is working to complete thirty years' worth of major transit projects in ten years. Construction of the East Span of the San Francisco-Oakland Bay Bridge is progressing steadily, and engineers are racing to meet strict federal deadlines for construction of a high-speed passenger rail system, which will be the largest public works project ever in the nation.

I am hopeful that you and your colleagues will be successful in enacting transportation authorization in the coming months. Please feel free to contact me if I can assist you in any way.

A handwritten signature in black ink, reading "Bonnie Lowenthal". The signature is written in a cursive, flowing style.

BONNIE LOWENTHAL, Chair

Assembly Transportation Committee



Strengthening the Voice of Business

**Written Statement for
Joint Field Hearing
House Committee on Transportation and Infrastructure
Senate Committee on Environment and Public Works**
"Improving and Reforming our Nation's Surface Transportation Programs to
Support Job Creation and the Economy"
February 23, 2011

Thank you for the opportunity to comment on national, state and local transportation priorities. The Los Angeles County Business Federation (BizFed) - representing more than 70 premier regional organizations with nearly 110,000 businesses across LA County - thanks you for your leadership and commitment to advancing crucial transportation issues vital to our country. BizFed is dedicated to working with Federal, State and Local leaders and stakeholders to advance our common transportation goals and accelerate sustainable and responsible job creation and economic growth.

National Urgency

It is clear that the Nation's surface transportation infrastructure is facing an increasingly urgent crossroads. Population growth, fiscal constraints, unstable energy supplies and increasing 21st Century global competitiveness are placing unprecedented demands on America's already strained transportation systems.

Congestion levels on the nation's roadways tripled between 1982 and 2005. By some estimates, Americans now waste 4.2 billion hours and 2.8 billion gallons of fuel each year stuck in traffic - that's nearly one full work week and three weeks' worth of gas for every driver. The estimated economic drain on our country is massive: \$78 billion a year and nearly 18% of every American household's annual expenses.

Traffic on more than 50 percent of our interstate highways is now estimated to exceed 70% of capacity, and nearly 25 percent of all highway miles are at more than 95% capacity. The direct cost of highway bottlenecks - most of them at urban interstate interchanges - to the nation's truckers moving America's essential goods is estimated by the Federal Highway Administration at \$7.8 billion a year.

BizFed's broad-based regional member businesses driving Southern California's economy have consistently ranked transportation issues among their very top priorities each of the past three years, impacting their bottom lines, ability to attract and retain qualified workers and remain competitive in an increasingly global market.

The enormous economic cost of this growing congestion is also rippling across all sectors of the country. Businesses struggle to get products to market in a timely manner. Employees are sapped by longer and longer hours commuting. Consumer spending is curtailed with the rising costs. Billions of hours and dollars are evaporating in lost productivity. Job creation is slowed. Faltering economic growth has been exacerbated. Construction costs to local, state and federal governments are rising.

Los Angeles County Steps Forward

Beset with all of these problems, LA County voters took an extraordinary step in 2008: Nearly 70 percent of voters agreed to increase their *own* sales tax ½ cent to raise nearly \$40 billion over the next thirty years to finance investments in our transportation infrastructure. With our region and nation mired in an agonizingly stubborn economic crisis pinching the pocketbooks of all consumers, it was an astoundingly loud-and-clear message from our residents: Our transportation system needs to be fixed NOW - and WE will pay to fix it.



Strengthening the Voice of Business

Two-thirds of the revenue under this voter-approved "Measure R" is dedicated for public transit improvements, and 35% is dedicated to construction of 12 new rail and bus way lines. Projects include completion of the Westside Subway Extension, an Orange Line bus way extension, a Sepulveda Pass Transit Corridor, a Crenshaw/LAX Transit Corridor, a South Bay Green Line Extension, a West Santa Ana Transit Corridor and a Regional Connector Transit Corridor. In total, a half-dozen new and extended light rail systems, several new Bus Rapid Transit lines, and an expansion of our bus fleet.

In a testament to Local officials' responsiveness to voters, the Los Angeles County Metropolitan Transportation Authority (MTA) Board adopted an implementation plan in 2009 to build these 12 projects over the next 30 years with the majority of funding from voters' own pocketbooks. Additional local, state, and federal funding commits \$18 billion to these massive improvements and advances.

A New Approach - with National Impact

It has become increasingly clear, however, that our region – and, indeed the nation – do not have the economic luxury of waiting three decades to see completion of these projects. While billions of dollars in new tax revenue is now flowing in from LA County residents under "Measure R," acceleration is needed.

While there are clearly many national transportation issues that need to be addressed and aligned with the current budget realities of the Administration and Congress, LA County is proposing an innovative proposal that could hold a key to accelerating transportation projects across the entire country – reducing potential project costs, incentivizing local transportation agencies' efforts, leveraging capital, creating jobs, reducing congestion and carbon emissions, and dramatically enhancing economic and environmental benefits.

BizFed is strongly supportive of efforts in the next transportation authorization bill to advance innovative financing tools and mechanisms such as those being proposed by the Los Angeles County Metropolitan Transportation Authority (Metro).

Specifically, Metro's proposal seeks TIFIA program enhancements to enable USDOT to make an upfront credit commitment at an earlier stage of project development for certain projects that satisfy national infrastructure investment goals. In LA County, this would mean Metro would seek up to \$2.5 billion of TIFIA-like flexible financing for its "Measure R" transportation projects. While the TIFIA program is funded at about \$110 million annually, the President's Fiscal Year 2012 Budget proposes a four-fold funding increase.

Metro's proposal also seeks legislation to create a new category of qualified tax preferred bonds. These bonds would provide a 100% interest rate subsidy (the same level approved by Congress for school construction Build America Bonds in ARRA) to be paid in the form of federal tax credits to bond holders. This "Transit Improvement Bond" program is proposed for transit projects of at least \$1 billion in size in federal non-attainment areas. In LA County, Metro would seek to issue approximately \$5.9 billion in municipal bonds in the private capital markets and pay back the principal with "Measure R" funds.

Such new federal financing tools will create an incentive for local governments across the nation to raise local funds and increase their share of project construction costs. Today, local governments can seek up to 80% of project funding from the U.S. This proposal flips this around so that local government contributes a much higher percentage of total project funding.

This innovative concept has broad regional support, as well as support from national leaders, including Secretary of Transportation Ray LaHood, our California Senators, U.S. Chamber of Commerce President and CEO Thomas J. Donohue, and AFL-CIO President Richard Trumka. Roy Kienitz, Under Secretary for Policy, USDOT has said "The ... program may well be at the vanguard of transit planning and system development..." Indeed, President Obama has referred to it as a model of local self-reliance and federal encouragement, "a template for the nation."



Strengthening the Voice of Business

In Conclusion – A National Model

Los Angeles County is not looking for a handout; we are seeking a way forward and in so doing are proposing an innovative solution that holds national promise. In essence, there is no better deal that the federal government could strike than to pay a fraction of the share of the cost in order to leverage significant benefits in the national interest. That interest includes infrastructure that supports a thriving economy (jobs), infrastructure that yields benefits in reducing reliance on foreign oil (energy), and infrastructure that supports a reduction of our carbon emissions in one of the largest metropolitan areas in the world (environment).

The federal government has the opportunity to create this type of a leveraged, strategic investment in dozens of states and hundreds of cities around the country by using our model. Business strongly supports this program because it is truly an INVESTMENT approach, rather than blind spending.

Investments in transportation construction – both through employment and purchases moving through the economy – generate more than \$244 billion in total annual U.S. economic activity, nearly two percent of the nation's Gross Domestic Product (GDP). Innovative federal investment strategies in transportation can assist in addressing the existing federal fiscal realities by producing new revenues.

As a key national goods-movement hub, Los Angeles County can be the successful model for a pilot program for a new era of innovative federal financing tools. For thousands of business owners and their families across Los Angeles County, this is a vital issue. For thousands of regions across the country grappling with similar issues, this is a visionary way forward.

Once again, BizFed supports your efforts to address the nation's surface transportation issues and ensure equitable, innovative and sustainable solutions for our country. Your leadership is greatly appreciated.

A handwritten signature in black ink, appearing to read "Tracy Rafter".

Tracy Rafter
BizFed, CEO
Rafter Group, Inc.



September 20, 2010

Dear Representative:

On behalf of the BlueGreen Alliance and our more than 9 million union and citizen members working together to build a clean energy economy, I write to ask for your support on H.R. 5967, the Clean Ports Act of 2010, introduced recently by Rep. Jerrold Nadler of New York. The Act currently has 75 co-sponsors.

Greening our ports and cleaning up our environment is not a burden that should fall on hard working truck drivers already suffering under low wages and deplorable working conditions. More than 100,000 U.S. port truck drivers toil every day in dirty diesel rigs and effectively earn less than federal or state minimum wages. Many are without health insurance, and are misclassified as independent contractors, making them exempt from almost all legal protections for employees, including the right to form a union.

At the same time, eighty-seven million Americans live and work near these ports in regions that violate federal air quality standards, resulting in much higher rates and risk of asthma, cancer, and respiratory illnesses.

I encourage you to support the ports across the country that are trying to address these problems. For example, before industry lobbyists took the Port of Los Angeles to court and gutted its U.S. EPA-award winning Clean Truck Program, 8,500 clean diesel and alternative fuel vehicles had been put in service, emissions had been reduced by 80 percent, and most drivers' wages were on the rise.

We have seen the obvious success of the L.A. Clean Truck Program, and this bill will help right a great injustice when that program was halted. A broad coalition of stakeholders has been and will continue to support efforts to clean up America's ports and make sure companies, not truck drivers, are the responsible parties to maintain, upgrade and update to cleaner, more fuel-efficient fleets. This legislation will allow programs in other states to finally move forward and become success stories in their own right.

The Clean Ports Act of 2010 would permit ports to implement these types of programs and allow trucking companies to purchase and maintain new, clean trucks, as well as hire their drivers as employees instead of misclassifying them as independent contractors.

We can help forge a path towards economic recovery by creating good, green jobs while also cleaning the air millions of Americans breathe.

Please become a cosponsor of the Clean Ports Act of 2010. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "David Foster". The signature is written in a cursive, slightly slanted style.

David Foster
Executive Director

Partners



CWA



LIUNA



www.bluegreenalliance.org

The Honorable Barbara Boxer
Chairman, Senate Environment and Public Works Committee
410 Dirksen Senate Office Building
Washington, D.C. 20510-6175

Subject: Public comment regarding "Improving and Reforming our Nation's Surface Transportation Programs to Support Job Creation and the Economy - Joint Field Hearing with the Senate"

Right now, more than 100,000 U.S. port truck drivers toil every day in dirty diesel rigs and effectively earn less than federal or state minimum wages—many without health insurance—and are exempt from legal protections for employees, including the right to form a union.

Meanwhile, 87 million Americans live and work near ports in regions that violate federal air quality standards, resulting in higher rates and risk of asthma, cancer and respiratory illness.

The EPA-award winning L.A. Clean Truck Program, before it was halted as a result of pressure from special interests, saw 8,500 clean diesel and alternative fuel vehicles put in service, emissions reduced by 80 percent and workers' wages on the rise.

Reauthorization should include provisions as set forth in Rep. Jerrold Nadler's **Clean Ports Act of 2011** (H.R. 572, with 54 current co-sponsors) to ensure programs like the L.A. Clean Truck Program—and programs in other cities—move forward. This legislation would empower, but not mandate, local ports to adopt requirements for motor carriers and vehicles that are reasonably related to the reduction of environmental pollution, traffic congestion, improving highway safety, and the efficient utilization of port facilities.

A broad coalition of labor, environment, business and social justice groups supports this effort to clean up the ports and make sure that companies, not truck drivers, are responsible for maintaining, upgrading and updating to cleaner, more fuel-efficient fleets.

The BlueGreen Alliance—a partnership of the nation's biggest labor unions and most influential environmental organizations, uniting more than 14 million members and supporters dedicated to building a clean energy economy—sent a letter to Congress last September urging members to support the first iteration of this legislation, the Clean Ports Act of 2010 (H.R. 5967). Congressman Nadler re-introduced the Clean Ports Act for the 112th Congress, and we strongly feel his approach would green our ports and protect the rights of working men and women.

We believe the provisions of this crucial legislation should be incorporated into a comprehensive transportation reauthorization bill. We look forward to working with Congress to pass a transportation bill this year that creates good, green jobs and reduces pollution and dependence on foreign oil as we move to a clean energy future.

2828 University Ave SE Suite 200 | Minneapolis, MN 55414 | 612.466.4479
555 11th Street NW Sixth Floor | Washington, D.C. 20004 | 202.706.6900



4080 Lemon Street, 3rd Floor • Riverside, CA
Mailing Address: P. O. Box 12008 • Riverside, CA 92502-2208
(951) 787-7141 • Fax (951) 787-7920 • www.rctc.org

March 7, 2011

The Honorable Barbara Boxer
Chairman, Senate Committee on Environment and Public Works
Dirksen Senate Office Building Room 410
Washington, DC 20510-6175

Dear Chairman Boxer:

Thank you to you and Chairman Mica for the opportunity to testify before you at the February 23, 2011, joint field hearing in Los Angeles, California. My written and oral testimony discussed the need for Transportation Infrastructure Finance and Innovation Act (TIFIA) investment in Southern California, as well as some policy reforms to the program. I would like to submit the three articles enclosed for the hearing record that ran in the *Press Enterprise* on the day of the hearing. The articles discuss a major project in the Inland Empire that stands in immediate need of a TIFIA loan and is an example of the types of job creating infrastructure projects that can be accelerated through TIFIA and leveraging local dollars.

Thank you for your work on national infrastructure financing issues. I am appreciative of your recognition of the Inland Empire as a critical region for California's and the nation's economic future. Also, I am grateful for the work of your excellent staff. Please let our staff continue to be a resource to you during the development of the next surface transportation authorization bill.

Sincerely,

A handwritten signature in cursive script that reads "Anne Mayer".

Anne Mayer
Executive Director

Enclosures

Washington should help accelerate 91 project

BY JEFF MILLER
AND BONNIE LOWENTHAL

If you want an example of bipartisanship in the state Legislature, look no further than the very successful drive to create 18,000 jobs in the Inland Empire.

Say what you will about political party conflict. The reality is, when there's a real opportunity to deliver jobs, as was the case for the 91 Freeway widening project, partisanship flies right out the window.

PARTISAN? NO

In fact, widening the 91 Freeway through Corona is a perfect example of getting things done by working together. Last year we worked together to gain approval of Assembly Bill 2098 to give the Riverside County Transportation Commission (RCTC) flexibility in constructing a \$1.3 billion widening of this congested corridor.

Our bill initially ran into obstacles, but it soon found co-sponsors from both sides of the aisle. By the time it made it to the governor's desk, 54 members of the Assembly and every member of Riverside County's Assembly and Senate delegation signed on as co-sponsors. The final version of the bill received unanimous ap-

proval in both houses.

So how did this bring bipartisanship to Sacramento?

With unemployment in Riverside County hovering around 14 percent, a project that creates thousands of jobs and unlocks a major highway bottleneck will always find support from business interests, trade unions and countless citizens who are tired of sitting in traffic. It's an easy thing to vote for regardless of which side of the aisle you sit on or what district you call home.

A CRUCIAL LOAN

The kind of success we achieved in Sacramento now needs to be replicated in Washington. RCTC is seeking a Transportation Infrastructure Financing Innovation Act (TIFIA) guaranteed loan so that construction crews can break ground on new general purpose lanes, expanded interchanges, a better connection from the 91 to the I-15 and the extension of the 91 Express Lanes from Orange County. Overall, the project provides a reliable link between Southern California's inland and coastal urban centers.

A TIFIA loan will allow RCTC to obtain more than \$400 million in private financing to build the project

entirely in Corona, it will create California jobs and make communities more livable throughout a region of more than 17 million people. In addition to linking Riverside, San Bernardino, Orange and Los Angeles counties, the 91 provides important connectivity to Interstates 10 and 15, thereby playing a big role in interstate commerce.

It's not a grant or a dreaded earmark. It is low-cost borrowing that saves local taxpayer dollars, while only costing the federal budget 10 percent of the total loan amount. But in the end, federal coffers will get more than a full return on this investment, as construction of the 91 is expected to provide a \$2 billion jolt of economic activity.

Congress created TIFIA a

number of years ago to make

financing easier for expensive

large-scale infrastructure

projects like the 91. But the

need to finance big projects

throughout the nation now

means there are more projects

chasing TIFIA dollars than

available. We believe the 91

should be on the top of the list.

BROAD BENEFITS

In the long term, Congress needs to fund TIFIA at a higher level so more projects can be built and thousands more can get back to work. In the short term, what's needed is for the federal Department of Transportation to approve RCTC's TIFIA application so that local residents of every political party can start working again to bring better commutes and business opportunities.

While the project is located

entirely in Corona, it will create California jobs and make communities more livable throughout a region of more than 17 million people. In addition to linking Riverside, San Bernardino, Orange and Los Angeles counties, the 91 provides important connectivity to Interstates 10 and 15, thereby playing a big role in interstate commerce.

WEAKEST LINK?

Southern California's network of freeways, rail lines, and bus routes function as an integrated system and is only as healthy as its weakest link. A failure on one part of the system impacts the entirety of the network.

On behalf of a wide array of Republican, Democratic, third-party and independent voters, and anyone who needs to get around Southern California, we urge U.S. Transportation Secretary Ray LaHood to get people working in Riverside County and Southern California by approving TIFIA dollars for the State Route 91 Corridor Improvement Project.

For more information, go to <http://sr91project.info/>

Jeff Miller, R-Corona, represents the 71st Assembly District and Bonnie Lowenthal, D-Long Beach, represents the 54th Assembly District.

IN THIS SECTION

LOCAL NEWS: PAGES A2-A9

RIVERSIDE-CORONA-MORENO VALLEY-EASTVALE... A3
 HEMET-SAN JACINTO... A4
 SOUTH-WEST RIVERSIDE COUNTY... A4-6
 SAN BERNARDINO COUNTY... A8
 CALIFORNIA... A11

LOCAL NEWS

IN SECTION C

LOCAL NEWS: PAGE C3

TV LISTINGS... C8
 COMICS... C10-11
 SUZUKU... C10
 CROSSWORD... C11
 OBITUARIES... C12



DAN BERNSTEIN

EARTH TO MUSEUM!

It took the Riverside Metro Museum two decades to amass more than \$330,000 in its trust fund.

It took less than one year and one dud — the Star Trek exhibit — to wipe it out and leave the museum fund \$84,000 in the red.

This exhibit was supposed to draw 40,000 visitors, but will be lucky to get 8,000. It was supposed to gross \$800,000, but won't crack \$200,000. It supposedly brought the museum greater recognition — even though several blocks sep-

Loan would fund toll lanes

HIGHWAY 91: Officials and business leaders are seeking \$400 million in low-interest federal money.

BY DUG BEGLEY
THE PRESS-ENTERPRISE

The final piece of funding for a \$1.3 billion project to add lanes to Highway 91 in Corona will come from a highly competitive federal loan program, Riverside County transportation officials hope.

Transportation planners, elected officials and local business leaders are banding together to encourage U.S. Secretary of Transportation Ray LaHood and California Sens. Barbara Boxer and Dianne Feinstein to support their plans for \$400 million from a loan program created by the Transportation Infrastructure Finance and Innovation Act.

The federal loan program is meant to give agencies a low-interest way to pay for major construction projects.

Up to 33 percent of a project's funding can be borrowed, though the terms of the loan program can vary. Less federal money could be committed, but used to leverage private loans. In the case of the 91 project, \$443 million would be the maximum local officials could borrow, said John Standford, deputy director of the Riverside County Transportation Commission.

If approved, the federal loan gives the commission the final funding needed to extend two toll lanes from

the Orange County line to Interstate 15, and a general use lane from the county line to Pierce Street in Riverside. Construction is scheduled to begin next year.

Securing the federal loan is critical to keeping that schedule, officials said. They are turning in a pre-application — basically a request to get invited to submit an official application.

"We have to tell our story in 20 pages," said Anne Mayer, executive director of the transportation commission. "We have to sell our story."

The proposal is due to federal officials on March 1. Last year, about \$1.2 billion in loans were available nationally. If the amount remains constant, there will be intense competition for

the money, local officials said.

Part of making the pitch for the toll lanes, outlined in letters to Boxer, Feinstein and LaHood from the Monday Morning Group — a cadre of local business leaders — is the region's high unemployment rate and the job-creating potential of the project. Officials estimate 800 permanent jobs will be created by the project, as businesses locate along the 91 corridor. Adding the lanes will also reduce congestion, officials believe.

The benefits make it a perfect choice for a federal loan, aimed at helping improve infrastructure, officials said.

The loan also demonstrates local officials believe the project will pay for itself,

via the tolls collected from using the express lanes, similar to those already in Orange County.

The federal money is a loan, which means it must be repaid, but with very favorable terms, said Corey Boock, a lawyer helping manage the funding plan for the transportation commission. The TIFIA interest rate varies by day, but was 4.7 percent on Friday, according to the Federal Highway Administration.

The remainder of the project will be funded through the sale of bonds, backed by the toll revenues. County sales tax money can also be used to add the general purpose lane to the 91.

Reach Dug Begley at 951-368-9475 or dbegley@PE.com

159

OUR VIEWS

Ease 91 gridlock

Cutting congestion on heavily traveled Highway 91 is crucial for both local drivers and international trade. But Riverside County's plans to improve the clogged freeway need federal help to succeed. And the federal Transportation Department should provide the financial aid the project requires.

County transportation officials plan to make a pitch for the federal money at a joint House-Senate transportation hearing in Los Angeles today. The Riverside County Transportation Commission's \$1.3 billion Highway 91 project needs a \$400 million federal loan to complete its financing. The

plan calls for extending toll lanes from the Orange County line to Interstate 15, adding one general-purpose lane in each direction and improvements to interchanges along the route. The commission would repay the federal loan out of toll lane revenue.

But the plan faces stiff competition for federal money, and Riverside's request would consume about a third of the credit available this year through the federal Transportation Infrastructure Finance and Innovation Act. Last year, 39 projects competed for funds from the program, but only four received money.

Those are tough odds, certainly, but Highway 91 warrants the federal government's help. The freeway is the main route from Riverside County to the coast, serving one of the most populous metropolitan areas in the nation. The route sees more than 280,000 vehicle trips a day, and the commission estimates that the improvements could save the average commuter 75 hours of driving time a year. Those points alone should grab federal attention.

The highway is also one of the primary trade corridors from the

ports of Los Angeles and Long Beach, which handle about 40 percent of the nation's imported goods. That cargo flows from the

ports to the rest of the nation — through Riverside County on Highway 91. Southern California residents should not be stuck with traffic congestion and air pollution so

The Highway 91 improvements are ready to go if the federal government comes through.

that people elsewhere in the nation can buy cheap consumer goods. The federal government has a duty to help ease the local burdens of international trade.

Riverside County voters have already done their share. Nearly two thirds of the funding for the project would come from Measure A, the local half-percent sales tax to fund transportation improvements. But the federal loan still plays a crucial part in smoothing the freeway flow.

The transportation commission hopes to start construction in 2012, but that date would slip by at least a year without the loan. Other federal transportation money would not be enough to make up the difference, even if the county diverted federal funds from every other local project. Getting that much private credit would be hugely expensive, if not impossible. Scaling back the project to cut costs would still leave drivers caught in a frustrating bottleneck.

The Highway 91 improvements are ready to go if the government comes through. Southern California drivers already face enormous traffic obstacles without adding federal inaction to the list.





February 21, 2011

To:
 The United States Senate Committee on Environment and Public Works
 Senator Barbara Boxer, Chair
 The United States House Transportation and Infrastructure Committee
 Congressman John Mica, Chair

Written Testimony for the joint Senate Committee on Environment and Public Works and House Transportation and Infrastructure Committee Hearing in Los Angeles on February 23, 2011

Thank you both for inviting Californians For High Speed Rail to submit written testimony to the joint Senate Committee on Environment and Public Works and House Transportation and Infrastructure Committee hearing in Los Angeles on February 23, 2011. We are excited that you have chosen Los Angeles as the setting for this session, as this city is well on its way to showing what can be done when transportation improvements and urban development are accomplished together. Bold new infrastructure initiatives, such as the local funding from "Measure R," passed by over two-thirds of the county's voters in 2008, along with Mayor Villaraigosa's "30/10 Plan" to accelerate transit projects, including many that will connect to the California High-Speed Rail (CHSR) project, will cement Los Angeles as the southern anchor of CHSR system.

The CHSR project compares favorably to the market served by America's first fast train route, the North East Corridor (NEC), which connects Washington D.C., New York, and Boston. Similar to the NEC's transformative impact on commerce and travel (which will be furthered with additional investments in 21st century high-speed rail infrastructure), the route between Southern California and the Bay Area will reshape cities around each station by revitalizing their downtowns, while providing relief to many of the state's most congested freeways, including Interstate 5 and California State Route 99. Just as the fast trains introduced at the end of the last century have handily cornered over 50% of the air market between NEC cities, true 21st century high-speed rail will introduce Californians to an attractive new alternative to the over-crowded gates and runways that comprise the nation's 2nd busiest air market.

The costs of subsidizing the status quo to meet California's growing population and commercial demands are staggering. Californians For High Speed Rail agrees with the assessment of the former Executive Director of the California High-Speed Rail Authority, Mehdi Morshed, who wrote in 2009 that, "According to the Authority's updated business plan... high-speed trains will alleviate the need to spend nearly \$100 billion to build about 3,000 miles of new freeway, five airport runways and 90 departure gates during the next two decades."

Private business also recognizes the value in moving people more quickly and efficiently in this market. The Japan Bank for International Cooperation announced in January 2011 that it would be willing to finance half of the CHSR project's cost, an amount equal to about \$21.3 billion. This offer from the Japanese is no high-stakes bet. Their more than 46 years of operating the Shinkansen high-speed train network has demonstrated time and again that large profits come to regions that are connected by clean and fast trains. Additionally, China and

Californians For High Speed Rail · 182 Howard St, #322, San Francisco, CA 94105 · www.ca4hsr.org · (415) 658-5322

several international consortiums have also expressed great interest in participating in the construction and operation of the CHSR system, indicating the great feasibility of high-speed rail in California.

The first segment of our 520 mile system to break ground is an ideally located corridor, approximately 120 miles in length, in the center of the state, between Fresno and Bakersfield. This area, hit hard by the current economic downturn, has some of the highest unemployment rates in the nation. The 80,000 jobs that will be created in the near-term as a result of the initial construction of this segment will greatly help to stimulate the economy of the region.

Just as the NEC does not begin or end in Baltimore or Wilmington, Bakersfield and Fresno comprise the midsection of California's full high-speed rail line between the Bay Area and Los Angeles. Californians For High Speed Rail applauds the plan to start construction of our high-speed rail system outward from the center of the state, where planning and engineering are further along than in the large urban areas, in which more complex issues still need to be resolved. Furthermore, this first segment is the lowest cost-per-mile section of the project. The more track that can be laid initially, the greater the momentum for the project, which in turn will help to attract private investment.

Californians are not averse to rail travel as our reputation as an automobile paradise might lead one to believe. California's three intercity corridor trains have been whetting the appetites of in-state travelers and tourists to the prospects of high-speed rail for nearly two decades. California's tradition of rail popularity is backed up by the numbers, as nearly half a million passengers in December 2010 boarded our state's trains, which are consistently ranked the 2nd, 3rd, and 5th in ridership in the country.

A commitment to the success of high-speed trains should be a crucial component of our national security policy. Rising oil prices, brought on in no small part by new rounds of destabilization within many of the world's oil producing nations, threatens to cripple our economic recovery, just when the private sector is poised for a rebound. High-speed trains are the only mode of transportation that can effectively move large numbers of people on domestically-produced electricity. California's system has the potential to reduce our dependence on foreign oil by up to 12.7 million barrels per year and eliminate as much as 12 billion pounds of greenhouse gas emissions annually.¹ The CHSR project will also utilize renewable power generation to supply electricity for the system, opening up new green-collar jobs for California's high tech workers.

Much of the same technological know-how that has been perfected by California's aerospace industry is utilized in the development and construction of high-speed rail systems. Building the CHSR from Los Angeles to San Francisco will be one of the most monumental public-private projects ever undertaken in North America, resulting in 100,000 construction-related jobs each year that the system is being built.² From state-of-the-art signaling systems, to efficient and aerodynamic trainsets, to 21st Century construction methods, our project will keep America's most precious resource – the physical and intellectual prowess of its workers – active, prosperous, and secure.

Californians For High Speed Rail requests that your committees take every measure to ensure that California becomes home to this 21st century, true high-speed rail corridor, along with other critical high-speed rail projects around the United States. You can help us provide relief to our state's over-crowded airports and road networks while we reduce our consumption of foreign oil and our production of greenhouse gasses. The passenger demand is strong and getting stronger; the private sector commitment is strong and getting stronger; and the determination to build the entire line between Northern and Southern California is

¹ California High-Speed Rail Authority, "Project Vision and Scope," http://www.ca4highspeedrail.ca.gov/project_vision.aspx.

² Ibid.

unwavering in California. With your support, we can look toward a brighter future; one that includes trains whipping across the state at speeds in excess of 200 miles per hour.

Thank you for your consideration of our pursuit to establish true high-speed rail in California.

Written testimony submitted by the following people from Californians For High-Speed Rail

Daniel Krause, Executive Director

Ryan Stern, Board Member

Michael Gimbel, Member

**Testimony of Robert E. Ham, Director of Intergovernmental Relations
County of Imperial, California
Before the Senate Committee on Environment and Public Works and the House Committee on Transportation and Infrastructure
Los Angeles, CA February 23, 2011**

Imperial County is located in southeastern California along the border with Arizona and the Republic of Mexico. Our county has about 175,000 residents and is separated by a fence from the mega-city of Mexicali, Mexico that has a population that exceeds one million.

Imperial County is by most measurements the poorest county in California and among the poorest in the nation. Not long ago we became the national poster child for "distressed communities" when it was widely reported that our unemployment level had reached over 30%. For a brief few days, all of the networks, cable stations, and national publications had news teams here so they could file a story from "ground zero" in the recession.

The teams came and went, and Imperial County is still suffering from high levels of unemployment and poverty, and much of it is fueled by failed federal programs and federal inaction. As a community that is located on the Mexican border, one can expect that we feel the impacts of illegal immigration. That is true, but we also prosper from the effects of legal immigration.

As I mentioned, Mexicali is a city of one million people, 70% of them are authorized to cross legally into the United States to shop, to vacation, to work, to conduct business, to attend private schools, and to visit relatives. This trans-border visitation is able to provide a significant boost to our local economy, and jobs for our local residents. Because of our ability to attract shoppers from Mexico, our small community is home to 3 Super Wal Marts, as well as a large regional mall with 3 anchor department stores.

All of this should be good news, but we are rapidly losing these shoppers and visitors because our outmoded and inefficient Land Port of Entry is resulting in wait times to cross into the United States of 1 hour on a regular basis, and waits up to 2 hours are becoming more and more common. This is occurring, not only in the passenger vehicle lanes, but in the pedestrian lanes as well. Imperial County also experiences around 130 days of 100 degree-plus temperatures each year. Early morning temperatures in the high 90's are normal for the Valley. As a result, we see school children waiting over an hour in this heat each morning on their way to reach their private-school classrooms.

We are also finding that many potential shoppers, when faced with a one or two hour wait to cross into the United States, are opting to stay in Mexico to shop. This is costing us tax revenue and jobs. Our local transportation planning agency did a study in 2007 of the lost economic opportunity that can be attributed to the long wait times at the border and they scored this at \$1.6 billion dollars each year in economic opportunity to the Imperial and Mexicali Valleys.

5 years ago, the General Services Administration began talking to the community about plans to modernize the Calexico West Port of Entry which was built in 1974 when Mexicali and Calexico were still know as the "twin cities". Obviously, this ancient port is way overdue for an expansion and modernization. For the last 3 years, we as community worked diligently with GSA and CBP to design an optimal port design and finalize the environmental clearance.

Last year we were thrilled when President Obama included \$84 million for the first phase of construction of this long-awaited stimulus to our local economy. GSA was making plans to award the bid and begin construction of phase one later this summer. Now we are facing a situation where many in the Congress are seeking to make major cuts to the existing budget, and the President announced a spending freeze going forward. Unfortunately for Imperial County, the Congress never appropriated the President's \$84 million request that would enable GSA to build this new efficient land port of entry, and the President failed to include the remaining \$190 million for phase 2 construction in his Fiscal Year 2012 budget proposal.

All of the hopes of our local economic recovery taking place along with the reconfiguration and enlargement of the old port are quickly fading away. Our hopes that shorter wait times would spur our retail recovery are gone. \$14-plus million that has been spent on environmental clearance and land acquisition are going to be for naught and our economy will continue to suffer because the federal government will not build their own facilities in a manner that allows them to effectively carry out their mission.

In addition to the negative impacts to our economy of these long wait lines along the fence that separates Mexicali from Calexico there is a significant additional health impact that is caused by the cumulative impact of thousands of cars idling in triple digit heat for one and two hours while waiting to clear customs and immigration. Imperial County is classified as serious non-attainment for PM-10 and other pollutants. EPA makes us responsible for developing plans to get our air quality into compliance, yet the Congress through inaction in completing this project simply puts up more barriers to our ability to reach these goals.

In summary, the greatest infrastructure need that will also provide a significant improvement to local job creation and economic growth is to fund the completion of the long promised reconstruction/expansion of the Calexico West Land Port of Entry improvements.

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE DIRECTOR
 P.O. BOX 942873, MS-49
 SACRAMENTO, CA 94273-0001
 PHONE (916) 654-5266
 FAX (916) 654-6608
 TTY 711
 www.dot.ca.gov



*Flex your power!
 Be energy efficient!*

March 9, 2011

The Honorable Barbara Boxer
 Chair, Committee on Environment
 and Public Works
 United States Senate
 112 Hart Senate Office Building
 Washington, D.C. 20510

The Honorable John Mica
 Chair, Committee on Transportation
 and Infrastructure
 United States Congress
 2187 Rayburn House Office Building
 Washington, D.C. 20515

Thank you for the opportunity to appear before the Joint Hearing of your committees on February 23, where I spoke about the transportation issues California is facing and ways we can work together to address them. You extended the hearing record to March 9 and asked for legislative proposals for the next authorization of the highway bill. Accordingly, we have prepared specific recommendations in the following areas:

- Ensure the financial integrity of the Highway and Transit Trust Funds.
- Rebuild and maintain our transportation infrastructure.
- Make goods movement a national priority.
- Reduce congestion in metropolitan areas.
- Streamline project delivery and extend California's NEPA delegation.
- Consolidate federal programs.

As you can see from the attached recommendations, we took your request seriously. As an example, we consider it essential that the federal delegation of NEPA authority to California be made permanent. In lieu of proposing additional revenue generating mechanisms such as indexing the gas tax, we have made recommendations for flexible and alternative funding.

My staff and I are available to respond to any questions you may have on these recommendations. Please contact Mr. Brad Mettam at the above address, by telephone at (916) 654-2936 or by email at brad.mettam@dot.ca.gov.

Sincerely,

FOR CINDY McKIM
 Director

Enclosure

The Honorable Barbara Boxer and The Honorable John Mica
March 9, 2011
Page 2

- c: Senator Dianne Feinstein
Secretary Ray LaHood, U.S. Department of Transportation
Victor Mendez, Federal Highway Administration
Walter C. Waidelich Jr., Federal Highway Administration
John Horsley, American Association of State Highway and Transportation Officials

Recommendations for the Surface Transportation Reauthorization Bill



Ensure the financial integrity of the Highway and Transit Trust Funds

<i>Proposed Change</i>	<i>Examples of how this would be of use..</i>
Increase the amount available under the TIFIA program.	The TIFIA program has provided loan guarantees to a limited number of projects, restricted primarily by the cap on the amount available.
Allow privatization of Safety Roadside Rest Areas, Park and Ride lots, and other facilities.	Public-private partnerships are needed to help deliver essential services to the traveling public.
Provide federal authority to impose tolling as a revenue stream.	States need every available revenue source to leverage state and federal funds for capacity increasing projects and other purposes.
Authorize a bond funding program, similar to <i>Build America Bonds (BABs)</i> .	BABs provide states with an option to access the corporate taxable bond market, which is broader and deeper than the tax-exempt market.

Rebuild and maintain our transportation infrastructure

<i>Proposed Change</i>	<i>Examples of how this would be of use..</i>
Make some or all additional "stimulus" funding "ministerial" rather than "discretionary", eliminating the need to comply with NEPA and other requirements.	This would allow the rapid construction funding of existing state and local projects without having to go through federal processes. Projects would still have to comply with state and local requirements, and all health and resource protection Federal requirements, such as the Clean Water Act and the Endangered Species Act.

Make goods movement a national priority

<i>Proposed Change</i>	<i>Examples of how this would be of use..</i>
Incorporate a measurement of each state's contribution to national goods movement goals as part of the federal distribution formula.	Goods movement on highways in states that act as primary goods movement conduits contributes significantly to the deterioration of the highways and the congestion around ports of entry. These states provide a service to the national economy at a cost in facility maintenance, repair, and replacement.
Develop competitive fund for high-priority national goods movement projects.	Existing funding mechanisms need to be revised to reflect the significance of freight movement on a national basis. Project improvements for goods movement have a positive impact on the corridor being improved as well as on a system wide basis. This would provide a mechanism to ensure that freight projects receive a higher priority and funding levels that would enhance the movement of people, goods, information and services. A national formula could

Include port planning in the current criteria for existing planning grants to allow for funding of Port-to-Corridor Management Plans (P2CMPs).

be developed for programming projects and receiving resources from multiple funding sources, i.e., Priority Index Number and utilize consistent cost/benefit criteria. The funding of P2CMPs will allow local, state, federal and private sectors to coordinate and develop these plans to identify and fund projects along these P2CMPs to deliver projects, similar to California's CSMPs. In California, the four main P2CMPs are Los Angeles-Long Beach/Inland Empire, Bay Area, San Diego/Border and the Central Valley.

Reduce congestion in metropolitan areas

<i>Proposed Change</i>	<i>Examples of how this would be of use..</i>
Provide incentives for metropolitan congestion pricing.	Encourage the application of congestion pricing in the nation's most congested metropolitan areas by providing funding incentives.
Change 23 USC 135 Section 135(d)(1)(E) to add to this planning factor "the integration of land use and transportation, including consistency with development patterns."	This would allow states and regions more flexibility to support and provide incentives for integrated land use, transportation and housing planning that utilize the latest travel forecast data, along with the latest modeling tools, and that identify alternative/preferred scenarios that reduce congestion within and between metropolitan areas. The State of California has implemented its statewide California Interregional Blueprint, and six of the 25 largest metropolitan areas in the nation have participated in Regional Blueprint Planning efforts that consider land use and transportation while evaluating travel within and between metropolitan areas. These Blueprint programs promote the linking of transportation, land use and housing through the development of visions for future growth based on the latest modeling tools that identify alternative/preferred scenarios that reduce congestion within and between metropolitan areas.

Streamline project delivery and extend California's NEPA delegation

<i>Proposed Change</i>	<i>Examples of how this would be of use..</i>
Allow states to have permanent NEPA delegation after successful completion of pilot program and include Section 6005 Air Quality Conformity Determinations.	This would allow California, and other states in the future, to assume permanent NEPA delegation. It would permanently remove redundant reviews by both Federal Highways Administration and Caltrans. FHWA retained Air Quality Determinations under SAFETEA-LU Section 6005, but not under Section 6004. Further delegation of Air Quality Conformity determinations streamline approval of documents under Section 6005.
Allow the use of the TEA conformity exemption	The law and EPA's conformity regulations currently exempt

<p>for historic railroad structures.</p>	<p>most TEA projects from conformity requirements, but explicitly prohibit use of the exemption for TEA projects affecting historic railroad structures. Historic issues with railroad structures should be dealt with through the standard 106 and 4(f) processes, and not through a conformity exemption, unless the project would in fact not be neutral for air quality purposes.</p>
<p>Make TEA more flexible.</p>	<p>Expand the TEA category for wildlife passage to include fish passage.</p>
<p>If a proposed project is included in the air quality conformity determination for a Regional Transportation Plan, no further action should be required to meet the requirements of the Clean Air Act of 1990.</p>	<p>Regional Metropolitan Planning Organizations are required to provide analysis on air quality conformity as part of the approval process for their Regional Transportation Plan. Because air quality conformity is best addressed at regional levels, it is a duplication of effort and ineffective for projects to require additional conformity determinations.</p>
<p>Allow NEPA approval if the final quality conformity determination is made before project construction.</p>	<p>This would allow final design to continue while additional conformity requirements are completed. Since final approval for construction could not occur during a lapse, this change would not result in any actual impacts to air quality conformity.</p>
<p>Remove funding plan barriers to NEPA approval.</p>	<p>Allow projects to continue through NEPA approval even if a Long Range Plan is temporarily no longer financially constrained due to the current volatile economic situation. This could be done by allowing NEPA approvals while Long Range Plans are being amended, as long as the project is proposed to remain in the amended Plan.</p>
<p>Allow a state's environmental document to be adopted by the federal lead agency for purposes of NEPA compliance, if a state's environmental review has been completed prior to federalization of a proposed project.</p>	<p>This would avoid the delays in project delivery when world or national economic situations temporarily affect transportation funding. The State of California has implemented legislation that duplicates NEPA and applies even more stringent requirements, i.e., CEQA defines a significant impact as one for which a "fair argument" can be made. Other states have similar state environmental laws. Allowing the federal lead to adopt the "mini-NEPA" document rather than preparing and approving a separate NEPA document would avoid duplication of effort. The adoption could be similar in form to a re-evaluation and would not require public circulation.</p>
<p>New projects located within an area which had previously completed NEPA clearances should be exempt from further NEPA and associated federal environmental legislation reviews, if no new right-of-way is required for the construction of these projects.</p>	<p>If a state DOT purchased right-of-way under federal authorization, new projects located within that right-of-way should not result in additional impacts to the environment. For example, if a DOT purchased a new freeway alignment with a 100 foot median, then decided to widen in the median, it would not be required to mitigate again for "habitat" if endangered species utilized that land in the future. This would include making existing right-of-way exempt</p>

Allow at-risk detailed design prior to NEPA completion	<p>from consideration as “habitat” under the Endangered Species Act. Currently, endangered species such as San Joaquin Kit Fox, Desert Tortoise, and Tipton Kangaroo Rats often utilize the medians and shoulders of busy highways as foraging habitat. While this habitat is marginal at best, the law as currently interpreted requires that agencies purchase replacement habitat for these impacts. This modification would hold agencies free from retribution for incidental harm caused by routine maintenance and construction within existing right-of-way.</p> <p>During the NEPA process, a Preferred Alternative may be identified in the Draft Environmental Impact Statement (EIS). Current federal regulations do not allow the use of federal funds to begin “detailed design” prior to the Record of Decision, which results in unnecessary delay in the project delivery process. Section 6002 of SAFETEA-LU, Efficient Environmental Reviews for Project Decision Making, provided some relief from these restrictions, but it still limits design to only those elements that relate to environmental issues, environmental mitigation, or environmental permits. Flexibility is needed so that the state DOTs may continue to move forward with the project development process in a timely fashion using both federal and non-federal funding – at their own financial risk – prior to the finalization of the NEPA process.</p>
Allow advanced right-of-way acquisition.	<p>Advanced right-of-way acquisition is intended to provide for the preservation of corridors for future roadway expansion. Corridor preservation’s goal is to minimize development in areas that are likely to be required to meet transportation needs in the future. Current federal environmental restrictions make it extremely difficult to identify and preserve transportation corridors for the future. Corridors must be part of a fiscally-constrained Long-Range Plan in order to use corridor preservation funds. It is often difficult to get FHWA to participate in preparing an environmental document for a project that will be built 15 or 20 years in the future. Most of the right-of-way acquired now is for widening or expansion projects on existing facilities, as opposed to projects on new alignments. In these cases, the decision regarding the location of the transportation improvement has already been made – thus, there is almost zero chance of biasing the NEPA process. Typically right-of-way acquisitions are “environmentally neutral” events – in other words, no damage is done to the environment as a result of simply purchasing a plot of land.</p>
Eliminate or modify the Efficient Environmental Review Process that was established under Section 6002 of SAFETEA-LU.	<p>SAFETEA-LU created a new Efficient Environmental Review Process (Section 6002). While the intent of the section to promote early coordination was admirable, the procedural</p>

	<p>requirements of Section 6002 are duplicative of already existing environmental processes. This duplication has led to less efficiency and more confusion during the NEPA process. An alternate approach would be to make the Section 6002 process optional, rather than mandatory. If Section 6002 is kept, a subsection should be added to the process that bars a participating agency from raising substantive issues during the permitting process that it should have been aware of and raised during the NEPA process.</p>
<p>Establish a priority for infrastructure projects at federal permitting agencies that includes firm deadlines.</p>	<p>The acquiring of federal permits represents a significant component of the time required to deliver a project. This requires a significant investment of resources, and erodes the value of available funds. Federal agencies should be given a firm, limited time to provide permits, and an automatic appeal process for transportation infrastructure projects should be instituted when permit reviews exceed that time that is external to the permitting agency.</p>
<p>Allow program-level reimbursement ability for state's oversight of local agency projects.</p>	<p>The stewardship agreement between FHWA and Caltrans delegates certain oversight responsibilities of the local agencies from FHWA to Caltrans. The Stewardship agreement also states that some of these oversight responsibilities cannot be further delegated to local agencies in California. The oversight of these local agency projects cost over \$35 million to California which is not reimbursed by FHWA. This is a cost that California can no longer afford. Since local programs have been identified by FHWA as a "high risk", the expectation on the oversight has only been increasing. FHWA acknowledges these costs to be eligible for reimbursement provided the cost is charged to individual projects. Since at any given time there are about 5000 locally administered projects, charging Caltrans' oversight to these projects is not feasible. We propose to allow states to collect reimbursements for oversight on a single project designated for oversight cost.</p>
<p>Revise the federal transparency reporting process.</p>	<p>Federal Funding Accountability and Transparency Act's Sub-award Reporting requires the state to report certain data after the end of each month on ALL federally funded projects.</p> <p>The California Department of Transportation (Caltrans) has completed three cycles of report. It has been burdensome and confusing at times to comply with this new federal reporting requirement. The data submitted has the potential to be incomplete or incorrect. We feel this reporting requirement can be met more efficiently if the sub-awardee information is included in FHWA's Financial Management Information System transactions. The states will report this data at the time of requesting authorization</p>

<p>Properties under 100 years of age would be exempt from evaluation under Section 106 of the Historic Preservation Act.</p>	<p>for projects (not after the authorization). This will ensure 100 percent completeness. The data received by FHWA will be uniform throughout the nation.</p>
<p>Eliminate duplicate evaluation of historic properties.</p>	<p>As America ages and construction techniques improve, a greater number of properties will reach the current age of 50 years without major modifications. Continuation of this standard would significantly increase the time and expense for compliance with the Historic Preservation Act. By modifying the evaluation criteria from 50 to 100 years, you would move beyond an individual person's lifetime and into the realm of history. It would save both time and resources. The law as currently written has duplication of effort. Historic properties are evaluated and protected under Section 106 of the Historic Preservation Act and require a redundant evaluation under Section 4(f) of the Department of Transportation Act.</p>
<p>Exempt routine maintenance and restoration projects from Section 106 of the Historic Preservation Act.</p>	<p>Projects which replace existing pavement (overlays, slab replacements) would be exempt from further analysis under Section 106 of the Historic Preservation Act. These projects result in minimal additional disturbance of "native soils." This modification would result in a reduction of time and effort on routine road maintenance.</p>
<p>States need the ability to do programmatic advance mitigation for natural resource impacts based on mutually approved modeling, rather than having to connect mitigation costs to already designated projects in federal plans.</p>	<p>By allowing states to develop and implement a statewide advance mitigation program, states could (a) reduce project delays, (b) reduce mitigation costs and (c) improve mitigation quality. Greater flexibility to do programmatic advance mitigation, rather than project specific, in the next authorization would facilitate this innovation.</p>
<p>Consolidate environmental mitigation negotiations.</p>	<p>Once NEPA is completed and a Biological Opinion issued by US Fish and Wildlife Service, any modifications to Endangered Species listings or refinements to project footprint would not require the issuance of a new Biological Opinion. FHWA or their designee via delegation would provide USFWS with an administrative amendment which would include additional provisions to address any modifications to the project. USFWS would not be required to perform any action, other than acknowledgement of the amendment. Any projects changes which require a supplemental NEPA document would not apply to this provision. US Fish and Wildlife Service negotiates a specific mitigation ratio based upon the quality of impacted habitat. At the time the Biological Opinion is issued, less than 30 percent of design work is completed. Often minor refinements will result in changes within the area of impacts, i.e., originally it was 5 acres and now it is 6.5 acres. This change in area would require that formal consultation with USFWS be reopened and a formal amendment to the Biological</p>

	<p>Opinion issued. As the NEPA lead agency, it is appropriate for FHWA or its designee to prepare an administrative amendment which modifies the impact area and increases the mitigation required to reflect the ratios agreed in the original Biological Opinion. This would save time and effort at both agencies and solidify the agreements made during the NEPA process.</p>
<p>Man made water conveyance systems should be exempt from consideration as "waters of the U.S."</p>	<p>Currently canals and ditches can be considered as "waters of the U.S." under Section 404 of the Clean Water Act. Moving a concrete lined ditch could trigger the NEPA 404 process and result to greater impacts to historic and natural resource in an attempt to avoid impacts to these features. This change would reduce time and costs associated with project delivery.</p>
<p>Streamline the federal Transportation Improvement Program (TIP) Amendment process.</p>	<p>Current regulations require that many relatively minor changes to project cost, scope, or schedule require time consuming and paperwork-intensive amendments to the TIP. This can occur as a result of relatively minor changes to project limits (as little as over a tenth of a mile), or changes in project cost (regardless of the amount of change). Relaxing the requirements for amendments will greatly expedite revisions and save resources.</p>
<p>Change the period of the TIP/STIP from four years to five.</p>	<p>Current regulation requires the TIP/STIP to cover four years and be updated at least every four years (California updates every two years, to have a pool of programmed projects to draw on). If the period of the TIP/STIP were increased to five years, with an update at least every four years, it would cut in half the workload of Metropolitan Planning Organizations and states for updates.</p>
<p>Adopt provisions that allow projects that are funded through multiple federal programs to use only the rules, restrictions and reporting requirements of the largest contributing program. Provide clarification under Section 4(f) of the Department of Transportation Act that for public properties to be considered as a 4(f) property under recreational use, the primary function of the property must be recreation. This modification would specifically apply to portions of State and National Parks and Forests which are not primarily used for recreational activities.</p>	<p>Individual project funding packages are sometimes made up of several different sources; each applied to the portion of the project that is appropriate for that source. Each source has its own set of rules, schedules, restrictions and reporting requirements that quickly complicate project delivery. Currently school playgrounds are often determined to be 4(f) properties because they allow public recreational activities during non-school operation. The use of schools for "recreational" activities is secondary to their primary function, but because of this use impacts to parking lots and other school properties is often deemed a 4(f) impact.</p>
<p>Current environmental policy includes "No net loss to wetlands". Allow for enhancement to existing wetlands to be counted as "mitigation"</p>	<p>In addition to this, our National Parks are served by highway systems. Often minor maintenance work, including rehabilitation can result in 4(f) impacts even when the only impact may be realignment of an existing driveway. If a project impacts a wetland of marginal quality, current mitigation would include acquisition of "credits" at a bank which has created wetlands by expansion of existing</p>

<p>for impacts to wetlands.</p>	<p>systems, or involve creation/expansion of wetlands at another location. This proposal would expand the potential to include “enhancement” activities to count towards wetland impacts more explicitly. If you impacted an acre of wetlands you could restore 5 acres of poor quality to good quality via a management plan. This process would help improve the overall quality of existing wetlands and encourage DOTs to adopt management programs which Army Corps of Engineers could approve to gain “credits” towards future impacts.</p>
<p>Broaden and extend the option to use warranties in highway construction contracts.</p>	<p>Currently, federal regulations allow for warranties to cover specific <i>products or features</i> of a construction project (such as the pavement), but are not allowed to cover an entire project. Recently, as part of changes made to federal regulations to accommodate design-build contracting, the warranties section of the Code of Federal Regulations was amended to allow “general project” warranties on design-build projects on the National Highway System, which covers all parts of a construction project. In addition, projects developed under a public-private agreement may include warranties that are appropriate for the term of the contract or agreement, which could be many years. These allowances have not been made for traditional design-bid-build projects, which are still restricted, as noted above, to specific products or features. While general project warranties will likely not be used on all traditional design-bid-build projects, their use could encourage innovation in construction processes or the products that are used since the potential for failure would be covered by the warranty. Finally, even the general project warranties allowed for design-build projects are permitted only for short periods of time, or as the regulations state, “generally one or two years.” Unfortunately, one to two years is not typically long enough to determine if a roadway or bridge structure has been built correctly. A more appropriate minimum length of time for a warranty would be in the range of five to 10 years.</p>
<p>Allow federal funds to be used for mitigation banking/advanced mitigation.</p>	<p>For example, TEA shares could be used to fund advanced mitigation and projects could reimburse those funds when capital funds are available. This change would allow for expedited permitting under existing laws/regulations and would provide immediate relief without requiring any changes to federal funding levels.</p>
<p>Remove environmental and right-of-way requirements for any Non-infrastructure Projects.</p>	<p>For example, the Safe Routes to School (SRTS) Program consists of infrastructure and non-infrastructure (NI) programs, and both programs are currently delivered using the process for typical construction projects. However, the NI Program is a program that provides for the education,</p>

<p>For projects under \$3 million, use a one component process for issuing authorization to proceed.</p>	<p>encouragement, enforcement, and evaluation of SRTS programs in local communities. These types of activities are non-construction work that should not require NEPA clearance or right-of-way certification as currently required. Delivery of the NI program can be streamlined by handling it similar to FHWA State Planning and Research, Partnership Planning and FTA State Planning and Research Grants which are discretionary grants awarded through a grant application solicitation process similar to the SRTS-NI Program.</p> <p>This change would provide authorization for preliminary engineering, right-of-way, and construction in a single action. Because this would only apply to small projects, it would expedite the process and allow the projects to move between phases easily.</p>
--	--

Consolidate federal programs

Proposed Change	Examples of how this would be of use
<p>California supports the consolidation of existing Federal Surface Transportation Programs to focus on ten programs as recommended by the National Surface Transportation and Revenue Study Commission (Commission). We also support increased flexibility for project eligibility and funds transferability among the 10 programs and across different US DOT administrations using needs-based criteria.</p>	<p>There are currently 100 programs under five administrations. The Commission recommended consolidating into ten programs. Additional flexibility is also needed to allow projects under the 10 programs be funded to achieve national objectives. The current system to "flex" funds, between the modal administrations is cumbersome and often results in project delay. This process should be streamlined, so that funds can immediately be used for projects meeting required criteria. More flexibility is also needed to transfer funds among the 10 programs.</p>



February 18, 2011

The Honorable John Mica, Chairman
 House Transportation and Infrastructure Committee
 2165 House Rayburn Office Building
 Washington, DC 20515

Dear Chairman Mica:

On behalf of the Santa Clara Valley Transportation Authority (VTA), I am submitting this letter regarding federal surface transportation authorization for the record in connection with the joint field hearing being held on February 23, 2011, in Los Angeles by the House Committee on Transportation and Infrastructure, and the Senate Committee on Environment and Public Works titled "Improving and Reforming our Nation's Surface Transportation Programs to Support Job Creation and the Economy."

By way of background, VTA is a special district that was created through the enactment of state legislation to perform a wide variety of multimodal transportation functions for the residents and communities of Santa Clara County. We:

- Operate a bus and light rail system.
- Plan, design and construct highway and public transit capital improvement projects.
- Serve as the congestion management agency (CMA) for Santa Clara County, thereby leading our area's efforts to link transportation and land-use planning.
- Prepare the countywide transportation plan.
- Establish our county's project priorities for local, regional, state, and federal funding.
- Participate in six multi-county partnerships to provide regional rail and bus service in the San Jose-San Francisco-Oakland Bay Area.
- Implement local transportation sales tax programs that have been approved by our voters.

Santa Clara County spans 1,335 square miles at the southern tip of San Francisco Bay. It is home to "Silicon Valley," an area critical to the economic vitality of our nation, California and the San Jose-San Francisco-Oakland Bay Area. Santa Clara County encompasses 15 cities, including San Jose; has an estimated population of more than 1.8 million, the largest in Northern California; has the largest employment base in the Bay Area; and is home to more than 6,600 high technology companies. With a population nearing 1 million, San Jose is the largest city in Northern California, the third largest in the state, and the 10th largest in the United States.

Using federal funds, VTA has successfully constructed numerous transportation capital improvement projects, including several segments of our 42-mile light rail system, and a myriad of improvements to state highways and interstate routes in Santa Clara County. Major projects that we are currently advancing include:

The Honorable John Mica
February 18, 2011
Page Two

- An extension of the Bay Area Rapid Transit (BART) regional rail system to Silicon Valley.
- Bus rapid transit (BRT) projects along three heavily traveled corridors.
- High-occupancy toll (HOT) lanes or "express lanes" in two major transportation corridors.
- Operational improvements in 11 freeway corridors.
- A \$160 million Countywide Bicycle/Pedestrian Improvement Program.
- A Sustainability Program to improve our energy efficiencies and reduce greenhouse gas emissions.

In general, VTA is developing a wide range of capital investments across all modes to reduce congestion, to maintain our existing transportation infrastructure in a state of good repair, and to enhance safety and reliability. Therefore, new federal surface transportation authorization legislation to replace the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) will significantly impact VTA's ability to carry out our various programs, especially during these difficult economic times.

Funding Levels and Partnerships

Under SAFETEA-LU, the overall funding level for highways, public transit, highway safety, motor carrier safety, and transportation research during the legislation's six-year life was \$286.4 billion. While this amount was greater than previous authorizations, it fell short of the level of federal investment needed to maintain our nation's existing transportation infrastructure, as well as to expand its capacity in order to keep up with the steadily growing demand for transportation. In the case of Santa Clara County alone, we have identified more than \$20 billion in unfunded transportation needs in our 25-year countywide plan.

Therefore, providing sustained federal investment in our nation's transportation infrastructure that is adequate to meet the significant needs of highways, public transit and other transportation modes must be front-and-center in the debate concerning successor legislation to SAFETEA-LU. Along this line, VTA recommends that Congress use the next authorization cycle to develop long-term strategies for generating sufficient federal funding that will enable a robust national program at the levels proposed by President Barack Obama in his FY 2012 budget.

Clearly, the federal government cannot fund our nation's transportation needs alone. Adequate funding requires a partnership between all levels of government, perhaps even a stronger one than the partnerships that have existed in the past. In the case of Santa Clara County, our voters have approved six local sales tax measures to fund transportation since 1976, several by more than a two-thirds majority. We urge Congress to look for ways to reward those regional/local areas, such as Santa Clara County, that have stepped up and provided significant new resources for transportation through voter-approved tax measures, and to incentivize others to do the same.

The Honorable John Mica
February 18, 2011
Page Three

Along these lines, we support the proposals that have been offered by the Los Angeles Metropolitan Transportation Authority to modify the Transportation Infrastructure Finance and Innovation Act Program (TIFIA) to allow for upfront conditional credit commitments for large-scale projects or for programs of related projects, and to establish a new category of qualified tax-credit bonds for surface transportation projects.

Furthermore, VTA hopes that new federal surface transportation authorization legislation will not limit the ability of state and local governments to find other innovative ways to finance and expeditiously implement transportation infrastructure projects. Tolling and public-private partnerships (PPP), for example, offer new opportunities to help manage traffic and generate revenues, and we have been looking carefully at how these tools might be applied in Santa Clara County. As these concepts are in the development stage, we believe federal law and policy should encourage experimentation to allow us to gain valuable experience with these potential innovative solutions. In a new authorization bill, we favor extending and consolidating the various SAFETEA-LU pilot and demonstration programs, and monitoring projects for lessons learned before imposing any new constraints and requirements. We also recommend that the U.S. Department of Transportation be allowed to defer to state law which, in California's case, has recently authorized several demonstration projects in this area that need time to advance and be evaluated.

New Starts/Small Starts

Santa Clara County is making a substantial commitment to bringing BART to Silicon Valley. In general, this 16-mile project consists of extending the BART regional rail system south from a future Warm Springs Station in the City of Fremont in Alameda County, through the Cities of Milpitas and San Jose in Santa Clara County, to a terminus at the Caltrain Commuter Rail Station in the City of Santa Clara.

VTA is seeking federal New Starts funding for the first phase of the project—a 10-mile, two-station extension from BART's future Warm Springs Station, which is now under construction and scheduled to open in 2014, to a new Berryessa Station in northeast San Jose. The New Starts candidate project contemplates \$900 million in federal funding, or 36 percent of the \$2.5 billion total cost of the project in year-of-expenditure dollars. The remaining 64 percent would be provided through Santa Clara County's 2000 Measure A local transportation sales tax and the state Traffic Congestion Relief Program (TCRP). It is important to point out that the residents of Santa Clara County have voted on two separate occasions, with a two-thirds majority, to tax themselves in order to provide capital, operating and maintenance funding for this critical Bay Area regional project.

In December 2009, the Federal Transit Administration (FTA) approved advancing the BART Silicon Valley Project into the New Starts Program for preliminary engineering, and we are

The Honorable John Mica
February 18, 2011
Page Four

anticipating FTA's approval for the project to move into New Starts final design early next month. We were certainly thrilled to learn that the BART Silicon Valley Project was recommended for a Full Funding Grant Agreement (FFGA) in the President's FY 2012 budget and in FTA's Annual New Starts Report.

As you know, the New Starts Program is discretionary and, thus, requires that there be procedures and criteria for project evaluation. For the last decade or so, FTA's New Starts project evaluations have been dominated by a cost-effectiveness metric that has a number of weaknesses, such as:

1. Cost effectiveness is based solely on travel time savings and, therefore, fails to take into account the non-travel-time-related benefits of New Starts projects, such as land-use, economic development, community, and environmental benefits.
2. Highway user benefits are not factored into the calculation of "transportation system user benefits" (TSUB). The TSUB number reflects the benefits only to transit users and, therefore, is a limited measure of user benefits.
3. The breakpoints for determining a project's cost-effectiveness rating do not account for differences in cost of living, thereby disadvantaging urban areas with higher costs of living.
4. To enhance their ratings and meet the thresholds, a New Starts project sponsor may have no choice but to delete key elements from its project to cut costs—elements that would enhance a project's long-term benefits and that may end up having to be added back in at a higher cost after the original project is built and in revenue service.
5. Because cost effectiveness is based on the total project cost and not on the relative value of the federal investment in the project, it does not give a true indication of what the federal investment in the project is actually buying and discourages local project sponsors from paying for project enhancements with non-New Starts money.
6. The baseline used in cost-effectiveness calculations is subjective and not consistently applied across the United States.

For these reasons, VTA was pleased to see the recent policy changes advanced by FTA, which give other project justification criteria, such as land use and economic development, greater weight in the evaluation process. We understand that FTA will be undertaking a rulemaking, through which the cost-effectiveness measure may be changed to cover a broader set of benefits.

The Honorable John Mica
February 18, 2011
Page Five

VTA generally supports the elimination of the cost-effectiveness index as proposed in the Surface Transportation Authorization Act of 2009. If that cannot be achieved, then we recommend that cost effectiveness not be used as the sole determinant of project justification, and that it be redefined as a composite measure that covers a full range of project benefits, not just user benefits. A new measure should be simpler to compute and more explainable to decision-makers and the public; the No Build Alternative should serve as the baseline; and the cost component should take into account only the federal New Starts investment in the project, rather than total project cost.

The BART Silicon Valley Project is our third experience with the New Starts process. VTA remains concerned that it takes too long for projects to navigate through this complex and cumbersome process from alternatives analysis to FFGA, resulting in increased costs and risks for local project sponsors. FTA's recent use of a "roadmap" to lay out deliverables and schedules has been a positive step, and certainly helped us make significant progress in addressing issues and advancing our BART Silicon Valley Project.

Yet the process treats all New Starts projects the same, even in those cases, such as with our BART Silicon Valley Project, where FTA is a minority participant. We believe the New Starts process should be modified so that it considers in a meaningful way situations where local communities have stepped forward with significant non-federal resources to fund their projects. Along these lines, we recommend reducing the scope of the risk assessment and waiving certain FTA reviews for projects with a low New Starts share. In addition, we support the New Starts streamlining proposals in the Surface Transportation Authorization Act of 2009, including eliminating alternatives analysis as a separate phase, creating a single point of approval for entry into the New Starts Program, and creating an Office of Expedited Project Delivery.

Metropolitan Mobility

VTA believes the current federal surface transportation program needs to address the unique challenges facing our nation's growing metropolitan areas. To this end, we support a mode-neutral Metropolitan Mobility Program, drawing on the concept outlined in the National Surface Transportation Policy and Revenue Study Commission's Report. This new program should be targeted to the regional/local level by providing metropolitan planning organizations (MPOs) with the discretion to choose the best projects that meet their unique mobility needs and challenges, subject to consistency with national goals and criteria. In order for this new program to succeed, we recommend that the funding be provided to MPOs based on a formula allocation so that they can conduct their planning with some expectation that federal resources will be available for their needs.

The Honorable John Mica
February 18, 2011
Page Six

Projects of National and Regional Significance

Dense, metropolitan areas, such as the Bay Area and Silicon Valley, have complex, large-scale projects that are critical to reducing congestion and improving mobility across a region or sub-region, and yet will never be built under current federal funding processes, which are structured to provide small amounts of funding over a long period of time. One such example in Santa Clara County is our State Route 152 Realignment Project. State Route 152 is a vital goods movement, commuter and recreational artery. It links the Central Valley to: (a) urbanized Silicon Valley to the north; and (b) coastal Monterey Bay to the south. However, State Route 152 is a narrow, winding, substandard, two-lane rural roadway for a stretch of roughly 15 miles and, as such, cannot accommodate the significant volume of commercial truck and automobile traffic that travels through this area on a daily basis. The result is severe traffic congestion and significant safety problems. The \$500 million project calls for constructing a new four-lane expressway alignment for State Route 152 to be located in both Santa Clara and San Benito Counties to serve as the main east-west travel corridor for the area. However, there currently is no surface transportation program at the federal program that would accommodate a project of this magnitude.

Congress took an initial step at trying to address this problem in SAFETEA-LU with the creation of the Projects of National and Regional Significance Program. Unfortunately, the funding for this program was inadequate and it was earmarked through the political process. VTA hopes that the next federal surface transportation authorization bill will provide meaningful financial resources for large-scale projects by evolving the Projects of National and Regional Significance Program into a multimodal competitive grant program modeled after the best features of the discretionary New Starts Program, with funding being allocated to those projects that perform well against a set of federal investment criteria.

Public Transit

VTA supports the American Public Transportation Association's (APTA) proposals to simplify the Fixed Guideway Modernization Formula Program and to establish a new program to provide federal operating funds on a temporary "emergency" basis to assist public transit agencies during challenging economic times so that they can avoid crippling service cuts, fare increases and job layoffs. VTA also supports the elimination of the Bus/Bus Facilities Discretionary Program and allocating any funding that would have gone to this program to public transit agencies through the Section 5307 Urbanized Area Formula and Section 5311 Rural Formula Programs.

Energy Efficiency and Climate Change

As you are well aware, there is widespread attention being given to energy efficiency and environmental sustainability, particularly as they relate to greenhouse gas emissions and global

The Honorable John Mica
February 18, 2011
Page Seven


climate change. In response, many public agencies, businesses and individuals are proactively taking steps to improve their energy efficiencies and to reduce their greenhouse gas emissions. In our case, VTA is implementing a comprehensive Sustainability Program that is designed to modify our business practices and processes in a way that would conserve natural resources, reduce our greenhouse gas emissions, prevent other types of pollution, and increase our use of renewable energy and materials. One of the key elements of our Sustainability Program is the conversion of our headquarters facility, our three bus operating divisions, and our light rail operating division to solar energy. We also are committed to replacing our older buses when they reach retirement age with clean-fuel technology. Therefore, we support a new separate Energy Efficient Transit Facilities Program as proposed in the Surface Transportation Authorization Act of 2009. However, because it is difficult to plan for funding from discretionary sources, we recommend that this program be formula-based to allow public transit agencies to commit to making long-term investments in new technologies to reduce energy use and emissions.

High-Speed Rail

Finally, the voters of California passed a \$10 billion bond measure in November 2008 to help build a true high-speed rail system in our state. As a member agency of the Peninsula Corridor Joint Powers Board, which oversees the Caltrain Commuter Rail Service, and as a partner with the City of San Jose in developing the Diridon Station Area in downtown San Jose, VTA is actively involved in California's high-speed rail efforts. Therefore, we strongly support committing \$53 billion for high-speed, intercity rail over six years as proposed in the President's FY 2012 budget. Furthermore, we encourage that a portion of these funds be dedicated to large intermodal projects such as the Diridon Station, which will offer efficient and convenient passenger connections to high-speed rail; the BART system; and at least seven other intercity, regional and local rail and bus systems.

Thank you for your leadership on important national transportation issues, which impact our economy, environment and quality of life. We appreciate the opportunity to provide our comments on federal surface transportation authorization legislation, and look forward to working with you to pass a robust and innovative new federal surface transportation law to replace SAFETEA-LU.

Sincerely,



Michael T. Burns
General Manager



February 18, 2011

The Honorable Barbara Boxer, Chairperson
 Senate Environment and Public Works Committee
 112 Hart Senate Office Building
 Washington, DC 20510

Dear Chairperson Boxer:

On behalf of the Santa Clara Valley Transportation Authority (VTA), I am submitting this letter regarding federal surface transportation authorization for the record in connection with the joint field hearing being held on February 23, 2011, in Los Angeles by the House Committee on Transportation and Infrastructure, and the Senate Committee on Environment and Public Works titled "Improving and Reforming our Nation's Surface Transportation Programs to Support Job Creation and the Economy."

By way of background, VTA is a special district that was created through the enactment of state legislation to perform a wide variety of multimodal transportation functions for the residents and communities of Santa Clara County. We:

- Operate a bus and light rail system.
- Plan, design and construct highway and public transit capital improvement projects.
- Serve as the congestion management agency (CMA) for Santa Clara County, thereby leading our area's efforts to link transportation and land-use planning.
- Prepare the countywide transportation plan.
- Establish our county's project priorities for local, regional, state, and federal funding.
- Participate in six multi-county partnerships to provide regional rail and bus service in the San Jose-San Francisco-Oakland Bay Area.
- Implement local transportation sales tax programs that have been approved by our voters.

Santa Clara County spans 1,335 square miles at the southern tip of San Francisco Bay. It is home to "Silicon Valley," an area critical to the economic vitality of our nation, California and the San Jose-San Francisco-Oakland Bay Area. Santa Clara County encompasses 15 cities, including San Jose; has an estimated population of more than 1.8 million, the largest in Northern California; has the largest employment base in the Bay Area; and is home to more than 6,600 high technology companies. With a population nearing 1 million, San Jose is the largest city in Northern California, the third largest in the state, and the 10th largest in the United States.

Using federal funds, VTA has successfully constructed numerous transportation capital improvement projects, including several segments of our 42-mile light rail system, and a myriad of improvements to state highways and interstate routes in Santa Clara County. Major projects that we are currently advancing include:

The Honorable Barbara Boxer
February 18, 2011
Page Two

- An extension of the Bay Area Rapid Transit (BART) regional rail system to Silicon Valley.
- Bus rapid transit (BRT) projects along three heavily traveled corridors.
- High-occupancy toll (HOT) lanes or “express lanes” in two major transportation corridors.
- Operational improvements in 11 freeway corridors.
- A \$160 million Countywide Bicycle/Pedestrian Improvement Program.
- A Sustainability Program to improve our energy efficiencies and reduce greenhouse gas emissions.

In general, VTA is developing a wide range of capital investments across all modes to reduce congestion, to maintain our existing transportation infrastructure in a state of good repair, and to enhance safety and reliability. Therefore, new federal surface transportation authorization legislation to replace the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) will significantly impact VTA’s ability to carry out our various programs, especially during these difficult economic times.

Funding Levels and Partnerships

Under SAFETEA-LU, the overall funding level for highways, public transit, highway safety, motor carrier safety, and transportation research during the legislation’s six-year life was \$286.4 billion. While this amount was greater than previous authorizations, it fell short of the level of federal investment needed to maintain our nation’s existing transportation infrastructure, as well as to expand its capacity in order to keep up with the steadily growing demand for transportation. In the case of Santa Clara County alone, we have identified more than \$20 billion in unfunded transportation needs in our 25-year countywide plan.

Therefore, providing sustained federal investment in our nation’s transportation infrastructure that is adequate to meet the significant needs of highways, public transit and other transportation modes must be front-and-center in the debate concerning successor legislation to SAFETEA-LU. Along this line, VTA recommends that Congress use the next authorization cycle to develop long-term strategies for generating sufficient federal funding that will enable a robust national program at the levels proposed by President Barack Obama in his FY 2012 budget.

Clearly, the federal government cannot fund our nation’s transportation needs alone. Adequate funding requires a partnership between all levels of government, perhaps even a stronger one than the partnerships that have existed in the past. In the case of Santa Clara County, our voters have approved six local sales tax measures to fund transportation since 1976, several by more than a two-thirds majority. We urge Congress to look for ways to reward those regional/local areas, such as Santa Clara County, that have stepped up and provided significant new resources for transportation through voter-approved tax measures, and to incentivize others to do the same.

The Honorable Barbara Boxer
February 18, 2011
Page Three

Along these lines, we support the proposals that have been offered by the Los Angeles Metropolitan Transportation Authority to modify the Transportation Infrastructure Finance and Innovation Act Program (TIFIA) to allow for upfront conditional credit commitments for large-scale projects or for programs of related projects, and to establish a new category of qualified tax-credit bonds for surface transportation projects.

Furthermore, VTA hopes that new federal surface transportation authorization legislation will not limit the ability of state and local governments to find other innovative ways to finance and expeditiously implement transportation infrastructure projects. Tolling and public-private partnerships (PPP), for example, offer new opportunities to help manage traffic and generate revenues, and we have been looking carefully at how these tools might be applied in Santa Clara County. As these concepts are in the development stage, we believe federal law and policy should encourage experimentation to allow us to gain valuable experience with these potential innovative solutions. In a new authorization bill, we favor extending and consolidating the various SAFETEA-LU pilot and demonstration programs, and monitoring projects for lessons learned before imposing any new constraints and requirements. We also recommend that the U.S. Department of Transportation be allowed to defer to state law which, in California's case, has recently authorized several demonstration projects in this area that need time to advance and be evaluated.

New Starts/Small Starts

Santa Clara County is making a substantial commitment to bringing BART to Silicon Valley. In general, this 16-mile project consists of extending the BART regional rail system south from a future Warm Springs Station in the City of Fremont in Alameda County, through the Cities of Milpitas and San Jose in Santa Clara County, to a terminus at the Caltrain Commuter Rail Station in the City of Santa Clara.

VTA is seeking federal New Starts funding for the first phase of the project—a 10-mile, two-station extension from BART's future Warm Springs Station, which is now under construction and scheduled to open in 2014, to a new Berryessa Station in northeast San Jose. The New Starts candidate project contemplates \$900 million in federal funding, or 36 percent of the \$2.5 billion total cost of the project in year-of-expenditure dollars. The remaining 64 percent would be provided through Santa Clara County's 2000 Measure A local transportation sales tax and the state Traffic Congestion Relief Program (TCRP). It is important to point out that the residents of Santa Clara County have voted on two separate occasions, with a two-thirds majority, to tax themselves in order to provide capital, operating and maintenance funding for this critical Bay Area regional project.

In December 2009, the Federal Transit Administration (FTA) approved advancing the BART Silicon Valley Project into the New Starts Program for preliminary engineering, and we are

The Honorable Barbara Boxer
February 18, 2011
Page Four

anticipating FTA's approval for the project to move into New Starts final design early next month. We were certainly thrilled to learn that the BART Silicon Valley Project was recommended for a Full Funding Grant Agreement (FFGA) in the President's FY 2012 budget and in FTA's Annual New Starts Report.

As you know, the New Starts Program is discretionary and, thus, requires that there be procedures and criteria for project evaluation. For the last decade or so, FTA's New Starts project evaluations have been dominated by a cost-effectiveness metric that has a number of weaknesses, such as:

1. Cost effectiveness is based solely on travel time savings and, therefore, fails to take into account the non-travel-time-related benefits of New Starts projects, such as land-use, economic development, community, and environmental benefits.
2. Highway user benefits are not factored into the calculation of "transportation system user benefits" (TSUB). The TSUB number reflects the benefits only to transit users and, therefore, is a limited measure of user benefits.
3. The breakpoints for determining a project's cost-effectiveness rating do not account for differences in cost of living, thereby disadvantaging urban areas with higher costs of living.
4. To enhance their ratings and meet the thresholds, a New Starts project sponsor may have no choice but to delete key elements from its project to cut costs—elements that would enhance a project's long-term benefits and that may end up having to be added back in at a higher cost after the original project is built and in revenue service.
5. Because cost effectiveness is based on the total project cost and not on the relative value of the federal investment in the project, it does not give a true indication of what the federal investment in the project is actually buying and discourages local project sponsors from paying for project enhancements with non-New Starts money.
6. The baseline used in cost-effectiveness calculations is subjective and not consistently applied across the United States.

For these reasons, VTA was pleased to see the recent policy changes advanced by FTA, which give other project justification criteria, such as land use and economic development, greater weight in the evaluation process. We understand that FTA will be undertaking a rulemaking, through which the cost-effectiveness measure may be changed to cover a broader set of benefits.

The Honorable Barbara Boxer
February 18, 2011
Page Five

VTA generally supports the elimination of the cost-effectiveness index as proposed in the Surface Transportation Authorization Act of 2009. If that cannot be achieved, then we recommend that cost effectiveness not be used as the sole determinant of project justification, and that it be redefined as a composite measure that covers a full range of project benefits, not just user benefits. A new measure should be simpler to compute and more explainable to decision-makers and the public; the No Build Alternative should serve as the baseline; and the cost component should take into account only the federal New Starts investment in the project, rather than total project cost.

The BART Silicon Valley Project is our third experience with the New Starts process. VTA remains concerned that it takes too long for projects to navigate through this complex and cumbersome process from alternatives analysis to FFGA, resulting in increased costs and risks for local project sponsors. FTA's recent use of a "roadmap" to lay out deliverables and schedules has been a positive step, and certainly helped us make significant progress in addressing issues and advancing our BART Silicon Valley Project.

Yet the process treats all New Starts projects the same, even in those cases, such as with our BART Silicon Valley Project, where FTA is a minority participant. We believe the New Starts process should be modified so that it considers in a meaningful way situations where local communities have stepped forward with significant non-federal resources to fund their projects. Along these lines, we recommend reducing the scope of the risk assessment and waiving certain FTA reviews for projects with a low New Starts share. In addition, we support the New Starts streamlining proposals in the Surface Transportation Authorization Act of 2009, including eliminating alternatives analysis as a separate phase, creating a single point of approval for entry into the New Starts Program, and creating an Office of Expedited Project Delivery.

Metropolitan Mobility

VTA believes the current federal surface transportation program needs to address the unique challenges facing our nation's growing metropolitan areas. To this end, we support a mode-neutral Metropolitan Mobility Program, drawing on the concept outlined in the National Surface Transportation Policy and Revenue Study Commission's Report. This new program should be targeted to the regional/local level by providing metropolitan planning organizations (MPOs) with the discretion to choose the best projects that meet their unique mobility needs and challenges, subject to consistency with national goals and criteria. In order for this new program to succeed, we recommend that the funding be provided to MPOs based on a formula allocation so that they can conduct their planning with some expectation that federal resources will be available for their needs.

The Honorable Barbara Boxer
February 18, 2011
Page Six

Projects of National and Regional Significance

Dense, metropolitan areas, such as the Bay Area and Silicon Valley, have complex, large-scale projects that are critical to reducing congestion and improving mobility across a region or sub-region, and yet will never be built under current federal funding processes, which are structured to provide small amounts of funding over a long period of time. One such example in Santa Clara County is our State Route 152 Realignment Project. State Route 152 is a vital goods movement, commuter and recreational artery. It links the Central Valley to: (a) urbanized Silicon Valley to the north; and (b) coastal Monterey Bay to the south. However, State Route 152 is a narrow, winding, substandard, two-lane rural roadway for a stretch of roughly 15 miles and, as such, cannot accommodate the significant volume of commercial truck and automobile traffic that travels through this area on a daily basis. The result is severe traffic congestion and significant safety problems. The \$500 million project calls for constructing a new four-lane expressway alignment for State Route 152 to be located in both Santa Clara and San Benito Counties to serve as the main east-west travel corridor for the area. However, there currently is no surface transportation program at the federal program that would accommodate a project of this magnitude.

Congress took an initial step at trying to address this problem in SAFETEA-LU with the creation of the Projects of National and Regional Significance Program. Unfortunately, the funding for this program was inadequate and it was earmarked through the political process. VTA hopes that the next federal surface transportation authorization bill will provide meaningful financial resources for large-scale projects by evolving the Projects of National and Regional Significance Program into a multimodal competitive grant program modeled after the best features of the discretionary New Starts Program, with funding being allocated to those projects that perform well against a set of federal investment criteria.

Public Transit

VTA supports the American Public Transportation Association's (APTA) proposals to simplify the Fixed Guideway Modernization Formula Program and to establish a new program to provide federal operating funds on a temporary "emergency" basis to assist public transit agencies during challenging economic times so that they can avoid crippling service cuts, fare increases and job layoffs. VTA also supports the elimination of the Bus/Bus Facilities Discretionary Program and allocating any funding that would have gone to this program to public transit agencies through the Section 5307 Urbanized Area Formula and Section 5311 Rural Formula Programs.

Energy Efficiency and Climate Change

As you are well aware, there is widespread attention being given to energy efficiency and environmental sustainability, particularly as they relate to greenhouse gas emissions and global

The Honorable Barbara Boxer
February 18, 2011
Page Seven

climate change. In response, many public agencies, businesses and individuals are proactively taking steps to improve their energy efficiencies and to reduce their greenhouse gas emissions. In our case, VTA is implementing a comprehensive Sustainability Program that is designed to modify our business practices and processes in a way that would conserve natural resources, reduce our greenhouse gas emissions, prevent other types of pollution, and increase our use of renewable energy and materials. One of the key elements of our Sustainability Program is the conversion of our headquarters facility, our three bus operating divisions, and our light rail operating division to solar energy. We also are committed to replacing our older buses when they reach retirement age with clean-fuel technology. Therefore, we support a new separate Energy Efficient Transit Facilities Program as proposed in the Surface Transportation Authorization Act of 2009. However, because it is difficult to plan for funding from discretionary sources, we recommend that this program be formula-based to allow public transit agencies to commit to making long-term investments in new technologies to reduce energy use and emissions.

High-Speed Rail

Finally, the voters of California passed a \$10 billion bond measure in November 2008 to help build a true high-speed rail system in our state. As a member agency of the Peninsula Corridor Joint Powers Board, which oversees the Caltrain Commuter Rail Service, and as a partner with the City of San Jose in developing the Diridon Station Area in downtown San Jose, VTA is actively involved in California's high-speed rail efforts. Therefore, we strongly support committing \$53 billion for high-speed, intercity rail over six years as proposed in the President's FY 2012 budget. Furthermore, we encourage that a portion of these funds be dedicated to large intermodal projects such as the Diridon Station, which will offer efficient and convenient passenger connections to high-speed rail; the BART system; and at least seven other intercity, regional and local rail and bus systems.

Thank you for your leadership on important national transportation issues, which impact our economy, environment and quality of life. We appreciate the opportunity to provide our comments on federal surface transportation authorization legislation, and look forward to working with you to pass a robust and innovative new federal surface transportation law to replace SAFETEA-LU.

Sincerely,



Michael T. Burns
General Manager

Comments to the Joint Field Hearing on Surface Transportation due 3.9.2011

Senate Environment and Public Works Committee
House Committee on Transportation and Infrastructure

Public expectation is to reduce congestion and calm traffic. Accordingly the voters of Los Angeles County passed local sales tax Measure R for traffic relief and transportation upgrades including synchronizing traffic signals, repairing potholes, improving freeway traffic flow and keeping senior/student/disabled fares low (transit) with some new transit projects added. The bottom line was for community traffic relief and a better quality of life.

The City of Los Angeles is the 800 pound gorilla.

The reality of living in the City of Los Angeles is that the focus on the State of California required General Plan and its Elements to plan, mitigate and monitor municipalities has failed. The City has not updated plans or monitored mitigation measures and continues to approve transit projects that are not even considered in the General Plans or the Community Plans.

Housing density was created without the allowance for parking. (Parking and its relationship to the Clean Water Act takes importance in contamination issues.)

Residents are trapped and pigeon-holed in small neighborhoods without the metropolis feel with freedom of movement. It took 2 hours to drive to San Diego for a day trip and now it takes 2 hours to get from one side of town to another and even longer to get from one end of the county to another.

Downtown Los Angeles is the gauge of transportation planning and the transit is excellent in the surrounding 3-5 miles. There are approximately 32 continuous census tracts of low-to-moderate income that keeps the region dependent on transit.

But most of Angelinos do not live in that concentrated Downtown area. That is the overall plan—to confine Angelinos to just a few blocks to live, work and play.

They live in the neighborhoods and suburbs and the needs are different. People have children and buy groceries.

Automobiles are the key mode of transportation.

The building boom allowed overweight trucks to surface our streets. The street policy is poor. Neither the truckers nor the City repaired any street damage or underground pipe damage.

We have too many potholes.

The Complete Streets concept is embraced in Los Angeles . Bicycles are fun, but they do not get one to work. Only in safe neighborhoods can children ride them to school because there are no safe passages to school. Children are overcome with being protected from drugs dealers and harassment to and from school.

Pedestrian-minded street design is not practical unless you live in a village.

Los Angeles needs innovation in the automobile industry. We are automobile designers here.

Creativity is called for. We need innovation in fuel usage. We need innovation in traffic management. We need innovation in road materials. We need innovation in goods movement. We need innovation in air quality solutions.

The region has a history in innovation. It needs new breath with free market factors.

The State has enacted AB 32, SB 375 and SB 97 to address Climate Change. Regional planning becomes important, so local government planning is needed even more so.

We do not have that. Instead, we have big plans for transit with no feasibility studies and fiscal studies to maintain such large projects. We, citizens, are left out of that process as regional needs are not included in local government meetings open to the public. A layer of government has been formed, without representation by a vote of the Citizens.

The City of Los Angeles is in a fiscal crisis. We do not follow the surrounding cities to know if they are in the same position.

The Metro Gold line is visible from our home. Only two cars run day or night and, recently, only one car ran during the day. Though the line may need more than two cars during peak times, none are added.

Why spend millions of dollars without a cost-benefit analysis, short-term and long-term to warrant the expansion any rail or start a regional connector. There are too many destinations in the Southern California area to warrant both bus and rail transit as the answer.

Methane and the other toxics are an issue in Los Angeles because we are basically one giant oilfield. Health and safety are never mentioned, but are the responsibility of the municipalities and their planning.

The wise use of transit dollars is needed to reach those without transportation to use the service to work or go to school. Local bus needs supplied by such programs as DASH are underserved. Personally, it takes a 45 minute walk from the transit drop to my home in the nearby hills (where we have a few of City Hall.)

Emergency considerations such as earthquakes and fires should be considered. It is here where recreational trails play a role.

The Federal government needs to focus on the commerce aspect of transportation. The City of Los Angeles and the surrounding region play a role in national commerce and trade.

We need to address our need for a manufacturing base which will attract more trucking.

We need to address our goods movement, which will attract more trucking.

We have the ports and the airports.

We cannot look to construction as the solution to employment. The busted housing boom has done that already and has left many depressed.

The City of Los Angeles is creating commodity markets (without regulation) for parking credits in the area of transportation. The City is becoming a financial market itself. That is the vision for our future by our elected officials.

Back to the basics-create systems that reflect an opportunity for the open market and economic development, consider the needs of the private citizen (and family), not add another layer of bureaucracy for the local governments to control and tax, and not burden the citizen with debt.

Joyce Dillard
P.O. Box 31377
Los Angeles, CA 90031



Hello my name is Paul Styers. I have been in the Transportation industry for over 20 yrs. I am currently the Service center Manager in Los Angeles for Con-way Freight. We employ over 2300 employees in CA at 42 facilities. This morning I want to address briefly an issue of importance to my company and to the trucking industry. The industry which carries more than two-thirds of the freight in this country every day.

I believe it is a classic example of unnecessary government red tape undermining the productivity of a vital U.S. industry that can be fixed with a low cost policy solution rather than a grand program.

What I am referring to is a law passed by Congress in 1991, as a part of a surface transportation bill, that stripped the states of their authority to regulate what truck configurations can safely operate on their highways. There was no crisis or great public outcry. Rather, some folks in Washington decided that they were wiser and better suited to make such decisions.

Since 1991, states have been prohibited from expanding the list of highways that can be open to what are called "triples" or any other combination of trucking equipment.

This undermines our ability to be more efficient in moving freight, which undercuts U.S. manufacturers in world markets.

It ignores the remarkable safety record established on the roads where such equipment is still permitted.

It prevents the trucking industry from reducing fuel consumption and reducing emissions.

And it stops us from moving the same amount of freight with fewer trucks on the road.

I believe the California DOT is better qualified to determine which truck configurations are best suited for our highways than are administrators Washington. I hope you will include language in the surface transportation bill that restores their power to make such decisions.

Thank you for the opportunity to express my view.



March 8, 2011

The Honorable John Mica
 Chairman
 Transportation and Infrastructure Committee
 United States House of Representatives
 Washington, DC 20515

The Honorable Barbara Boxer
 Chairwoman
 Environment and Public Works Committee
 United States Senate
 Washington, DC 20510

Dear Chairman Mica and Chairwoman Boxer:

Thank you for inviting me to testify at the February 23rd field hearing in Los Angeles. I am sending this letter as an addition to that testimony to address a question about which Rep. Grace Napolitano asked me to respond in writing to the committee. Also, I offer specific suggestions for ways to improve environmental review for transportation projects.

Question from Rep. Napolitano

Rep. Napolitano requested suggestions to ensure that railway companies cooperate in improving transportation system performance, including environmental performance and congestion reduction. I will restrict my comments to freight rail and the freight system because it presents some of the greatest rail-related environmental challenges.

Moving goods by rail, especially when the distances covered exceed 300 to 500 miles, is more efficient than moving goods by truck. A train carrying hundreds of containers is essentially taking the equivalent of hundreds of trucks off the highway. Corridor wide, moving freight by rail is less polluting per container.¹

However, locomotives and rail equipment still emit large amounts of pollution, with older engines polluting a great deal more than newer ones. Locomotive engines are durable and often used for 30 years, or more. Once a locomotive is retired from long-distance line-haul service, they are often still used in rail yards as switchers, to move railcars and dismantle and build new trains, ensuring that old, high-polluting engines stay in service longer. As a result, rail yards can be dangerous diesel hotspots, with line-haul, switcher, and service locomotives, cargo handling equipment, and trucks all operating in a centralized location. Workers and residents near rail yards suffer the consequences of these emissions.

For example, Barstow, California has one of the busiest rail yards in the state, with 100 to 130 trains passing through each day. Locomotive traffic accounts for about 97 percent of the diesel pollution in the yard. The other 3 percent comes from trucks and other equipment. People living closest to the rail yard face 25 times higher risk of cancer from air pollution than people living a mile and half away.ⁱⁱ

Federal transportation policy can and should be designed to encourage an intermodal freight system that emphasizes energy efficiency and reduces external costs to society, such as environmental damage, public health degradation and dependence on insecure energy supplies. In my written testimony previously submitted, I recommended nine elements that, if incorporated into the transportation bill, would improve freight system reliability and environmental performance. To those I would add two others that specifically address rail and that, I believe, would encourage railway cooperation to improve service and reduce external impacts. These are:

- **Create incentives for rail yards to develop and implement emissions clean-up plans.** Incentives could include expanding eligibility for federal transportation bill dollars to intermodal rail yard improvements that are included in a rail yard clean-up plan, and that will reduce emissions while also improving total system performance. The clean-up plan would have to have been certified by a state or federal environmental protection agency as sufficient to deliver significant emissions reductions when implemented.
- **Restrict any federal spending on rail improvements to those projects that will deliver the dual benefits of improved system reliability and measurable emissions reductions.** There are certainly more freight improvement projects, and more rail projects, in need than there are public dollars. Given this, the projects that deliver the greatest system benefit, *and* the greatest reduction in environmental and health burdens, should be prioritized when federal funding is distributed.

Additional Comments on Environmental Review

As I noted in my written testimony, projects can be delayed for many reasons that have nothing to do with environmental review. Additionally, the published research suggests that simply setting stricter time limits on agency review will not likely solve project delay issues associated with environmental review. Focusing on ensuring early involvement by reviewing agencies and better communication between transportation agencies and reviewing agencies will likely result in less delay and better projects. It is also notable that a relatively small percentage of federally funded projects go through full National Environmental Policy Act review.

There are specific ways the transportation bill can help reduce unnecessary project delays that may be linked to the NEPA process without compromising bedrock environmental review laws. Listed here are three ways:ⁱⁱⁱ

- **Increase the use of Mitigated Findings of No Significant Impact (FONSIs).** Following CEQ Guidance issued on January 21, 2011 (Federal Register Vol 76, No. 14, pg. 3843-3853), many transportation projects could be advanced in a more timely way under Mitigated FONSIs, avoiding the need to prepare a more detailed Environmental Impact Statement. Mitigation commitments should be explicitly described as ongoing commitments with measurable performance standards and adequate mechanisms for implementation, monitoring, and reporting. Agencies should provide for public participation and accountability in development and implementation of mitigation and monitoring efforts decried in their NEPA documentation. This could be done through both project-level initiatives and through programmatic agreements.
- **Create a set-aside of a fixed percentage of Highway Planning and Research (HPR) and metropolitan planning formula funds and/or other transportation formula funds to ensure land management, environmental, and resource agency involvement in state and metropolitan planning and project reviews.** This would help ensure that federal and state resource agencies are adequately funded to allow them to engage in the state and metropolitan planning process so environmental issues can be avoided and addressed earlier in the process.
- **Create new incentives for timely project delivery without imposing time limits on agency transportation project reviews.** Congress should consider the recent proposal offered by the Brookings Institution to allow the U.S. DOT to maintain an incentive pool to reward states and metropolitan areas that consistently deliver projects on time while meeting or exceeding environmental standards.^{iv}

I hope these comments are helpful as you and your staffs and committees develop transportation bill proposals. Thank you again for the opportunity to testify and to provide additional thoughts. Please do not hesitate to contact me if I can be of further assistance.

Sincerely,



Kathryn Phillips
Director, CA Transportation and Air Initiative

ⁱ "Freight Railroads Offer a Smart, Effective Way to Reduce Greenhouse Gas Emissions." Association of American Railroads, December 2009,

<http://www.aar.org/~/media/AAR/BackgroundPapers/RRs%20and%20Greenhouse%20Gas%20Emissions%20%20Dec%202009.ashx> (accessed February 2010).

ⁱⁱ "Barstow rail yard emissions seen as increased risk of cancer." Barstow Desert Dispatch, May 2008, <http://www.desertdispatch.com/news/barstow-3294-increased-railyard.html> (accessed February 2010); referencing the "Health Risk Assessment for the BNSF Railway Barstow Rail Yard." California Air Resources Board, June 2008, http://www.arb.ca.gov/railyard/hra/bnsf_barstow_final.pdf (accessed February 2010).

ⁱⁱⁱ These are derived from testimony presented by Michael Replogle to the House Subcommittee on Highways and Transit on February 15, 2011. That testimony, endorsed by EDF, contains additional details and proposed project delivery reforms.

^{iv} Puentes, Robert. "Moving Past Gridlock: A Proposal for a Two-Year Transportation Law." Brookings Institution. Washington, DC. December 2010.

February 11, 2011

The Honorable John Mica
2187 Rayburn House Office Building
Washington, DC 20515

The Honorable John Duncan
2207 Rayburn House Office Building
Washington, DC 20515

The Honorable Nick Rahall
2307 Rayburn House Office Building
Washington, DC 20515

The Honorable Peter DeFazio
2134 Rayburn House Office Building
Washington, DC 20510

Dear Representatives Mica, Rahall, Duncan and DeFazio:

Our nation urgently needs a transportation policy that helps make America energy independent and cuts pollution that harms public health, while also meeting our country's infrastructure and mobility needs. In his recent State of the Union speech, President Obama called for investment to repair our roads and bridges and to develop world-class system of intercity and high-speed rail. On behalf of our millions members and supporters nationwide, we urge that you develop a transportation policy that can achieve these critical national objectives. A policy that achieves these goals will improve our economy, protect our environment, and put Americans to work.

Transportation in the U.S. presents a major energy challenge, responsible for nearly 70 percent of our oil consumption. In some regions, transportation produces more than two-thirds of health-threatening smog pollution. Faced with spiking gas prices, increasing congestion and the need to prevent more devastating oil spills, it is clear that Congress must act to make our transportation system cleaner and more efficient. To meet the critical challenges before us, we respectfully urge you to include the following elements in transportation legislation that your committees draft:

- **Set a national goal to reduce oil consumption from transportation.**

Establishing a national goal for reducing oil dependence from transportation will guide federal, state, and local governments to direct policies and investments and measure progress towards our crucial national security and environmental objectives.

- Require states and Metropolitan Planning Organizations to set corresponding transportation goals, and demonstrate how investment plans will achieve them.
- Reward significant progress toward goals with funding and policy incentives.

- **Reform transportation planning to consider impacts on oil consumption, air pollution and local land use.**

Aligning regional and state planning requirements for both passenger and goods movement with national energy and environmental objectives will help ensure leveraged, effective use of scarce taxpayer dollars.

- Require state and metropolitan transportation plans to assess and reduce oil use and global warming pollution.
- Require states and metropolitan planning organizations to coordinate transportation plans with existing and planned local land uses to maximize system efficiency.

- Develop a national freight strategy that simultaneously modernizes freight transportation and reduces freight transportation's environmental impacts.

- **Increase investment in transportation choices and encourage innovation**

Increasing funding for clean and efficient transportation modes and encouraging innovative strategies that can increase system efficiency are critical to delivering reductions in oil consumption and pollution.

- Increase investment in all forms of public transportation, allowing both new and existing systems to expand and improve service for more Americans.
- Increase investment in active transportation, including infrastructure to support biking and walking.
- Empower states, regions, and cities, including through research and pilots, to apply innovative pricing and tolling strategies.

It is critical that Congress and the Administration act to reduce oil consumption and pollution from transportation, investing limited dollars on policies and strategies to build a 21st century system that makes America safer, cleaner, more secure, and more prosperous. We look forward to working with you to get the job done.

Sincerely,

Therese Langer
Transportation Program Director
American Council for an Energy-Efficient Economy

Lynn Thorp
National Campaigns Director
Clean Water Action

Seth Kaplan
Vice President for Policy and Climate Advocacy
Conservation Law Foundation

Robert Dewey
Vice President for Government Relations
Defenders of Wildlife

Kathleen Rogers
President
Earth Day Network

Charles Griffith
Clean Vehicles and Fuels Director
Ecology Center

Anna Aurilio
Director, Washington DC Office
Environment America

Jan Lars Mueller
Senior Policy Director
Environmental and Energy Study Institute

Kathryn Phillips
Director, Transportation and Air Initiative
Environmental Defense Fund

Tiernan Sittenfeld
Legislative Director
League of Conservation Voters

Jackie Douglas
Director
LivableStreets Alliance

Scott Slesinger
Legislative Director
Natural Resources Defense Council

Robert Bendick
Director of US Government Relations
The Nature Conservancy

Kevin Mills
Vice President of Policy
Rails-to-Trails Conservancy

Debbie Sease
National Campaign Director
Sierra Club

Jennifer S. Rennicks
Federal Policy Director
Southern Alliance for Clean Energy

Nat Mund
Legislative Director
Southern Environmental Law Center

Michelle Robinson
Director, Clean Vehicles Program
Union of Concerned Scientists

February 11, 2011

The Honorable Barbara Boxer
112 Hart Senate Office Building
Washington, DC 20510

The Honorable Max Baucus
511 Hart Senate Office Building
Washington, DC 20510

The Honorable James Inhofe
453 Russell Senate Office Building
Washington, DC 20510

The Honorable David Vitter
516 Hart Senate Office Building
Washington, DC 20510

Dear Senators Boxer, Inhofe, Baucus, and Vitter:

Our nation urgently needs a transportation policy that helps make America energy independent and cuts pollution that harms public health, while also meeting our country's infrastructure and mobility needs. In his recent State of the Union speech, President Obama called for investment to repair our roads and bridges and to develop world-class system of intercity and high-speed rail. On behalf of our millions members and supporters nationwide, we urge that you develop a transportation policy that can achieve these critical national objectives. A policy that achieves these goals will improve our economy, protect our environment, and put Americans to work.

Transportation in the U.S. presents a major energy challenge, responsible for nearly 70 percent of our oil consumption. In some regions, transportation produces more than two-thirds of health-threatening smog pollution. Faced with spiking gas prices, increasing congestion and the need to prevent more devastating oil spills, it is clear that Congress must act to make our transportation system cleaner and more efficient. To meet the critical challenges before us, we respectfully urge you to include the following elements in transportation legislation that your committees draft:

- **Set a national goal to reduce oil consumption from transportation.**

Establishing a national goal for reducing oil dependence from transportation will guide federal, state, and local governments to direct policies and investments and measure progress towards our crucial national security and environmental objectives.

- Require states and Metropolitan Planning Organizations to set corresponding transportation goals, and demonstrate how investment plans will achieve them.
- Reward significant progress toward goals with funding and policy incentives.

- **Reform transportation planning to consider impacts on oil consumption, air pollution and local land use.**

Aligning regional and state planning requirements for both passenger and goods movement with national energy and environmental objectives will help ensure leveraged, effective use of scarce taxpayer dollars.

- Require state and metropolitan transportation plans to assess and reduce oil use and global warming pollution.
- Require states and metropolitan planning organizations to coordinate transportation plans with existing and planned local land uses to maximize system efficiency.

- Develop a national freight strategy that simultaneously modernizes freight transportation and reduces freight transportation's environmental impacts.

- **Increase investment in transportation choices and encourage innovation**

Increasing funding for clean and efficient transportation modes and encouraging innovative strategies that can increase system efficiency are critical to delivering reductions in oil consumption and pollution.

- Increase investment in all forms of public transportation, allowing both new and existing systems to expand and improve service for more Americans.
- Increase investment in active transportation, including infrastructure to support biking and walking.
- Empower states, regions, and cities, including through research and pilots, to apply innovative pricing and tolling strategies.

It is critical that Congress and the Administration act to reduce oil consumption and pollution from transportation, investing limited dollars on policies and strategies to build a 21st century system that makes America safer, cleaner, more secure, and more prosperous. We look forward to working with you to get the job done.

Sincerely,

Therese Langer
Transportation Program Director
American Council for an Energy-Efficient Economy

Lynn Thorp
National Campaigns Director
Clean Water Action

Seth Kaplan
Vice President for Policy and Climate Advocacy
Conservation Law Foundation

Robert Dewey
Vice President for Government Relations
Defenders of Wildlife

Kathleen Rogers
President
Earth Day Network

Charles Griffith
Clean Vehicles and Fuels Director
Ecology Center

Anna Aurilio
Director, Washington DC Office
Environment America

Jan Lars Mueller
Senior Policy Director
Environmental and Energy Study Institute

Kathryn Phillips
Director, Transportation and Air Initiative
Environmental Defense Fund

Tiernan Sittenfeld
Legislative Director
League of Conservation Voters

Jackie Douglas
Director
LivableStreets Alliance

Scott Slesinger
Legislative Director
Natural Resources Defense Council

Robert Bendick
Director of US Government Relations
The Nature Conservancy

Kevin Mills
Vice President of Policy
Rails-to-Trails Conservancy

Debbie Sease
National Campaign Director
Sierra Club

Jennifer S. Rennicks
Federal Policy Director
Southern Alliance for Clean Energy

Nat Mund
Legislative Director
Southern Environmental Law Center

Michelle Robinson
Director, Clean Vehicles Program
Union of Concerned Scientists

**Statement for the Record
Mrs. Eilene Okerblom
Santa Maria, California
For the Joint Field Hearing
House Transportation & Infrastructure Committee and
Senate Environment and Public Works Committee
February 23, 2011, Los Angeles, California**

Chairman Mica, Chair Boxer, and members of the Senate Environment and Public Works Committee and the House Transportation and Infrastructure Committee, I appreciate the opportunity to submit this statement to the record of your hearing held in Los Angeles on February 23 this year. I urge you to address and solve the epidemic of teen driving deaths and injuries that occur with alarming frequency every day in our country as you address priorities and write this important surface transportation bill. Since the Safe, Accountable, Flexible and Efficient Transportation Equity Act, A Legacy for Users (SAFETEA-LU) was passed in 2005 there have been more than 36,000 deaths on our roads and highways involving teen drivers.

I'd like to tell you about my 19-year-old son. His name is Eric and you would have loved him. You could not help but love Eric.

Eric was gentle, compassionate, mindful, wise, sensitive, and genuine. He was also brilliant, athletic and talented. He was a National Merit Finalist, a science researcher, and scored a perfect 800 twice on the SAT verbal. He played tennis and soccer and was a seven-time varsity letterman. He was an excellent snowboarder, wakeboarder and ran a marathon at age 16. Eric loved being outdoors and climbing mountains. He was a gifted musician. Photography and art were among his many talents.

Despite all his gifts and abilities, he was humble and grateful. He was a blessing to me, our family, our community, and the world. Eric finished his first year at Berkeley, majoring in molecular biology. He was home for the summer, having returned from studying Spanish in Nicaragua.

On a Saturday in July of 2009, our family had spent the morning hiking. That afternoon, Eric went out for his routine bicycle ride. He planned to join the Berkeley Cycling Team when he returned to school in August. Eric was riding on a straight unobstructed road in broad daylight. He was clearly visible to any driver for 45 seconds. He was struck from behind by a teenage driver traveling 60mph. The driver did not brake or swerve to miss Eric. He was hurled 140 feet to a violent and brutal death.

The driver, a former schoolmate since kindergarten, denied any distractions. Later, court ordered phone records revealed both incoming and outgoing texting at the time of Eric's death.

The loss of my beloved son is beyond grief. It is inconsolable, untouchable and wordless. The importance of this story is that Eric's death was not an accident or a chance event. It was not unavoidable. He was needlessly and violently killed by a distracted teenage driver.

Sadly, Eric's death is not an isolated event. In 2009, 476 people were killed in crashes involving teen drivers in California. Over the past five years, California crashes involving teen drivers

claimed 3385 lives. Nationally, since 1999, more than 90,000 people have been killed in crashes involving teen drivers.

Strong, effective state laws on teen driving – often called Graduated Driver Licensing laws or GDL – are proven to prevent crashes, injuries, and deaths. If every teen in every state were subject to comprehensive GDL laws, far fewer parents would experience the grief of losing a child in a preventable crash. Right now, however, most states' GDL laws do not meet the standards recommended by safety experts including the National Transportation Safety Board, the Centers for Disease Control and Prevention, and the American Academy of Pediatrics. Federal legislation – the Safe Teen and Novice Driver Uniform Protection (STANDUP) Act – was introduced in the 111th Congress that would encourage states to improve their teen driving laws to meet lifesaving standards. I am a strong supporter of the provisions in the STANDUP Act, which will prevent thousands of needless injuries and deaths across all 50 states.

I could not save my own child. All I can do now is stand up for protection of other lives. My son's life is gone, and I am telling his story with the hope some meaning can be attached to his death. I urge the members of this committee to include a strong safety title in the surface transportation reauthorization, including the provisions of the STANDUP Act, so that every teen in every state will be protected by comprehensive and lifesaving teen driving laws. It is also important that provisions be included in the reauthorization to encourage all states to adopt texting-while-driving prohibitions for all drivers.

My message is as personal as it can get. My son is dead because an inexperienced young driver was not focused on the driving task at hand. My hope is that in sharing the life and death of my precious son, you will feel the sacredness and fragility of life and know the power and responsibility we all have when we get behind the wheel. As elected officials and leaders of important committees in Congress, you have the ability to save lives by including the provisions of the STANDUP Act in the surface transportation bill. I urge you to do so for my son, for your children and for every child in every state.

Thank you for your attention to these extremely important safety issues.



March 8, 2011

Ms. Kathy Dedrick
 Senior Policy Director for Transportation
 Senate Environment and Public Works Committee
 410 Dirksen Senate Office Building
 Washington, DC 20510-6175

Kathy,

Thank you for the invitation to the recent Joint Field Hearing in Los Angeles. We again encourage Congress to pass a long-term Transportation Reauthorization Bill. I also thank you for meeting with me and David Hubbard of the Portland Cement Association last year to discuss life cycle cost dynamics for inclusion in a new bill. As you likely know, I submitted a written statement in advance of the hearing. This letter supplements my prior submission encouraging adoption of a bill that includes "*Life Cycle Budgeting*" - a process that evaluates the total long-term costs of infrastructure projects. This ensures that our highways and roads are planned, designed, and budgeted with the full costs of projects in mind resulting in maximization of value of investment over the total lifetime of the structure.

The California Nevada Cement Association and its members strongly support the passage of a new multi-year transportation bill consistent with Transportation and Infrastructure Committee Chairman Mica's recent statement of need "to develop a fiscally responsible, long-term reauthorization of transportation programs to create jobs and build our nation's infrastructure".

A multi-year commitment is critical to maintain continuity in transportation investment and job preservation. Without continued highway and transit investment, construction companies and material suppliers in California may be forced to lay off additional workers. California construction unemployment is already high (42% in some parts of the state) and the performance of California roadways ranks 48th in the nation. As such, there is growing urgency to secure established federal transportation funding that state employers and citizens can depend on to both return people to work as well as improve our stressed highway system.

New transportation legislation is a tremendous opportunity for transformational strategies to be "fiscally responsible". A simple and solid strategy to improve and reform our nation's transportation programs through a multi-year bill should implement the tenets of robust *Life Cycle Budgeting* to ensure efficient and effective investment. As set forth below, we believe implementation of this principle will better assure that public investment is durable and sustainable.

Conversely, focusing narrowly on initial costs, agencies tend to select pavement solutions that are cheaper up front, but have higher maintenance, preservation and rehabilitation costs that exhaust budgets over time. In addition, by reducing the frequency of maintenance, lane closures are avoided thus reducing traffic delays, improving vehicle fuel efficiency as well as decreasing vehicle emissions directly related to construction traffic. When employed correctly, *Life Cycle Budgeting* will help break the burdensome drain of maintenance demands and allow for true improvements to the nation's transportation system. It is a clear win-win when coupled with improved transportation flow and reduced vehicle emissions.

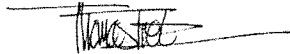
The implementation of effective *Life Cycle Budgeting* incorporates three simple policy steps, each of which are currently in use at the state DOT level by leading officials in several states across the country:

1. A comprehensive, 50-year life-cycle cost analysis (LCCA) to account for the full, long-term costs of these projects including initial construction, discounted future costs such as maintenance, user costs, reconstruction, rehabilitation, restoring, and resurfacing costs for the life of the project;
2. Use of AASHTO's Mechanistic Empirical Pavement Design Guide (MEPDG) to optimize the engineering efficiencies of road designs and prevent roads from being over-designed, thus lowering construction costs; and
3. Incentivize the use of Alternate Design/Alternate Bid (ADAB) techniques to increase competition, drive innovation, and control costs.

Taken together, these three steps can result in substantial savings on a national level. Studies in Indiana have attributed savings of \$23 million in one year alone to the use of MEPDG in that state. In Missouri, the state DOT reported that the average pavement costs for alternate bid projects were between 14 percent and 17.4 percent lower than for non-alternate bid projects. In Louisiana, projects using alternate bidding techniques came in about 9 percent below estimates, while traditionally-bid projects were about 20 percent above estimates.

We are committed to these principles and are ready to discuss them in further detail. Thank you for your continuing dedication to creating a healthy transportation bill that will strengthen our nation's economy for years to come.

Respectfully,



Tom Tietz
Executive Director

Written statement for the Joint Field Hearing of the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works in Los Angeles on February 23, 2011:

With the California construction unemployment above the national average of 22.5% and the performance of California roadways ranking 48th in the nation, there is growing urgency to secure established federal transportation funding that state employers and citizens can depend on. In this light, the California Nevada Cement Association urges the passage of (H.R. 662) to maintain continuity in transportation investment and job preservation. Without continued highway and transit investment construction companies and material suppliers in California may be forced to lay off additional workers. This bill will bridge the critical gap between now and the new multiyear transportation bill.

A recommended strategy to improve and reform our nation's transportation programs in a future multi-year bill is to implement the tenants of robust life cycle cost analysis to better assure public investment is durable and sustainable. Current cost analysis for selecting pavements is often based on the initial cost of materials and construction rather than the total cost of the pavement over its life. By focusing narrowly on initial costs, agencies tend to select pavement solutions that are cheaper up front, but have higher maintenance, preservation and rehabilitation costs over time. This strategy, if employed correctly, will help break the cycle of budgets being overly burdened by repair and rehabilitation demands and allow for true improvements to the nation's transportation system.

Respectfully submitted,

Tom Tietz
Executive Director
California Nevada Cement Association



Testimony of

**Phil Vandermost, Vice President of Marketing & Government Relations
Western Emulsions (on behalf of FP², Inc.)**

before the

Senate Environment and Public Works Committee

and

House Transportation and Infrastructure

**Joint Hearing on Improving and Reforming our Nation's Surface Transportation
Programs to Support Job Creation and the Economy."**

Los Angeles, California

February 23, 2011

Chairman Boxer and Chairman Mica and Members of the Committees, thank you for the opportunity to testify today before the Senate Environment and Public Works Committee and House Transportation and Infrastructure Committee and to provide ideas on improving and reforming our Nation's Surface Transportation Programs. I am pleased to have this opportunity to talk about how pavement preservation will improve our nation's surface transportation infrastructure as well as create jobs for Americans.

About Western Emulsions and FP², Inc.

I am Phil Vandermost, the Vice President of Marketing & Government Relations for Western Emulsions, Inc. Serving the Western U.S. with operations in California, New Mexico, Arizona and Montana, Western Emulsions Inc. is a leading innovator and supplier of specialty patented and standard asphalt emulsions used for pavement preservation, repair and restoration projects. The Company assists public agencies and owners of infrastructure in developing sustainable and cost-effective solutions to maintaining and recycling their asphalt pavements.

Today, I am testifying on behalf of FP², Inc. FP², Inc. is a trade association for the pavement preservation industry representing contractors, material suppliers, and equipment manufacturers. Our mission is to promote the importance of protecting and preserving the huge investment in pavement infrastructure. Our association members include the Asphalt Institute, Asphalt Emulsion Manufacturers Association, National Asphalt Pavement Association, International Grinding and Grooving Association, Asphalt Recycling & Reclaiming Association, and the International Slurry Surfacing Association. Ergon Asphalt and Emulsions, Inc., Western Emulsions, Colas, All States Asphalt, MeadWestvaco, Bergkamp Inc., Viking Construction, and Akzo Nobel Surface Chemistry are also members of the association.

Pavement preservation is the use of cost-effective treatments, practices, and strategies to maintain and improve the condition of our highway pavement infrastructure. Examples of the treatments are asphalt crack sealing, slurry or micro-surfacing, thin and hot-mix asphalt overlay, concrete joint sealing, diamond grinding, and dowel-bar retrofit.

Pavement Preservation

A good highway system is a critical component of a healthy economy and essential for global competitiveness. Our country's economic vitality depends on its highways to move people, goods and services, 24 hours a day, 7 days a week. To serve its purpose, our highway system must be in good physical condition and provide a high degree of connectivity and efficiency.

Preserving our investment in the nation's existing road infrastructure is one of the major issues facing this Committee as it writes the next surface transportation reauthorization bill. According to the U.S. DOT, through 2025, the U.S. faces a \$189 billion shortfall in the cost to maintain urban roadways in their current condition and a \$375 billion shortfall in the cost to make significant improvements to urban roadways.

The United States highway system, valued at over \$1.75 trillion, has been steadily deteriorating forcing a growing need for additional investment in this valuable infrastructure asset. Allocating resources to build and rebuild roadways and bridges is not the solution, however, unless we are serious about preserving and maintaining this fundamental investment.

In 2005, the Federal Highway Administration said that "pavement preservation represents a proactive approach in maintaining our existing highways." Absent clear direction from Congress, too many States have taken a worst-first strategy of maintaining their roads. Historically, they have dedicated resources to the most deteriorated roads that require costly resurfacing, rehabilitation and restoration repairs or total reconstruction. Instead, States should adopt system-wide pavement preservation programs that can extend the service life of highways. This approach is known in the industry as keeping good roads good.

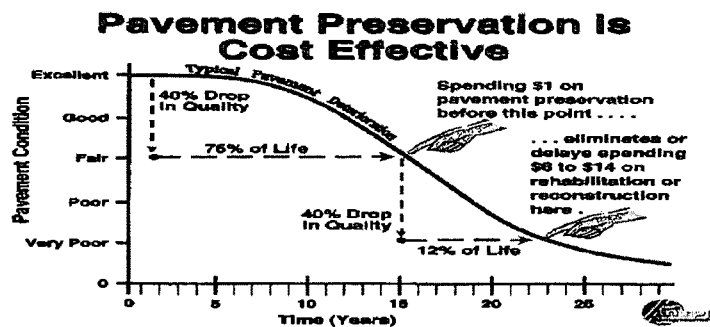
Surface Transportation Reauthorization Bill Proposal

As the Congress considers reauthorization of the surface transportation programs, it is critical that pavement preservation be included in the legislation as a tool available to States and localities. Our proposal explicitly clarifies that States and localities would be permitted to use their federal-aid highway funds for pavement preservation programs and activities. FHWA has developed a definition for pavement preservation that our industry supports a program employing a network level, long-term strategy that enhances pavement performance by using an integrated, cost-effective set of practices that extend pavement life, improve safety, and meet motorist expectations. Pavement preservation activities cannot result in structural or operational improvements beyond the originally designed strength or traffic capacity of highways and roads except to the extent the improvement occurs as an incidental result of the preservation activity.

There is no revenue cost to this proposal. Each dollar spent on preservation activities will save approximately six to ten dollars in major rehabilitation/ reconstruction costs.

Benefits

Highway pavement preservation provides significant benefits. According to AASHTO's 2009 Rough Roads Ahead report, "maintaining a road in good condition is easier and less expensive than repairing one in poor condition. Costs per lane mile for reconstruction after 25 years can be more than three times the cost of preservation treatments over the same 25 years and can extend the expected service life of the road for another 18 years."



Jobs. On average, pavement preservation projects support approximately 25% more jobs compared with new construction or rehabilitation projects. Pavement preservation projects are uncomplicated, ready to implement, labor-intensive, and can put Americans back to work immediately.

Safety Improvements. Pavement Preservation improves the surface characteristics of the roadway and slows deterioration of roadway surfaces, thereby providing motorists with substantially safer driving conditions.

Increased productivity. Pavement preservation keeps good roads good, thus: decreasing traffic congestion due to poor road conditions; increasing delivery efficiency; and improving the reliability of goods movement. All this ultimately increases the productivity of U.S. industry.

Environmental sustainability. Sustainable pavements last longer, extend the return on original pavement investments, deplete fewer raw materials, and help consume waste materials, reduce fuel consumption and emissions, facilitate motorists' safe and uninterrupted trips, and reduce overall life-cycle costs.

Motorist impact. Pavement preservation takes significantly less time and resources than rehabilitation. Thus, pavement preservation results in improved mobility, reduced congestion, and safer, smoother, longer lasting pavements for the public.

FP², Inc. looks forward to working with the House Transportation and Infrastructure Committee on the surface transportation reauthorization legislation preserves and maintains the nation's infrastructure investment in our highway network.

Thank you again for the opportunity to testify.

To the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works,
To the Honorable Senator Boxer and Transportation Committee Chairman Congressman John Mica,

Hill International fully supports improving and reforming our nation's surface transportation programs to support job creation and the economy. As we have seen around the globe, when infrastructure is neglected and deteriorates, so does its occupying society. Hill International stands ready to continue its support of infrastructure programs all across the United states. A great team will only win with the right players. America has the individuals poised to renew our infrastructure. When our elected officials make their decisions related to our transportation mission , we as Americans are prepared once again to lead the world in economical revitalization.

Steve Lodge

Steve Chavez Lodge
Director of Public Affairs
Hill International
18100 Von Karman #700
Irvine, CA 92612
949-748-5486 direct
949-474-8427 fax
949-246-9382 cell
www.hillintl.com



Hill International

APAC~ASSOCIATED PROFESSIONALS AND CONTRACTORS

February 22, 2011

House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works

RE: High Speed Rail Disadvantage Business Enterprise Participation

APAC POSITION

The Associated Professionals and Contractors (APAC) is an organization of small, disadvantaged, minority, women and disabled veteran business associations in California. APAC, feels that the State of California and the Federal Railroad Administration's response to the DBE community is totally unacceptable because it does not require DBE goals. We strongly urge our elected Federal Government officials, U.S. Congresspersons, U.S. Senators and the U.S. House of Representative's Transportation and Infrastructure Committee to immediately require that Federal Rail Administration, FRA adopt the statutory requirements under 49 CFR, Part 26, (DBE Program) and mandate its implementation with the California High-Speed Rail Project.

There is no reason why the High-Speed Rail cannot be placed under 49 CFR, Part 26. It would not be setting precedence. The program is already developed, utilized and has been successful for many years. The Civil Rights Act of 1964 and the various disparity studies conducted throughout the state clearly show there continues to be discrimination against small-, disadvantaged-, minority- and women-owned business enterprises in California. Caltrans has not met its race-conscious or race-neutral goals in the past five years even with ample pools of qualified small, minority and women owned businesses. It is offensive to the ethnic minorities in California (constituting 50% of the State's demographic population) to not have a meaningful and inclusive DBE program – especially in a State where we are the majority tax payers.

STATE OF CALIFORNIA AND HIGH SPEED RAIL

The Federal Rail Administration (FRA) receives its High-Speed Rail funding through the High-Speed Ground Transportation Act of 1965. The Rail Passenger Service Act of 1970 supported the development of the nation's intercity rail passenger system and continuing support of rail freight programs. The Passenger Rail Investment and Improvement Act of 2008 created new railroad investment programs, reauthorized Amtrak for five years and affirmed Federal Government involvement in developing the nation's intercity passenger rail system. This included providing guidance and analysis of intercity passenger rail services and high-speed rail (HSR).

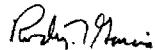
The 1964 Civil Rights Act and the extension by the Commission on Civil Rights specifically developed the DBE program to prevent discrimination in "Federally assisted programs" and is the basis for the U.S. DOT DBE program. Federal agencies, FHWA, FTA, FAA and subsequently their recipients of Federal Government funds i.e., Airports, Bay Area Rapid Transit

11 Embarcadero West, Suite 210 ~ Oakland, CA 94607 510 557-3810

(BART), L.A. Metropolitan Transportation Authority (MTA) etc, agree to abide by certain requirements upon accepting Federal Government funds (even if only one (1) dollar of Federal Government funds is accepted). One of the specified conditions is the administration/implementation of the DBE Program.

Unfortunately for California disadvantaged businesses, the FRA was never included under 49 CFR Part 26 and therefore does not have to develop or administer a DBE program. The FRA office of Civil Rights states that it "fully supports" the objectives of the DBE program and all FRA's grantees are required to *avoid discrimination in contracting*. This language is posted on the DOT website under Disadvantaged Business Enterprise. Therefore in the spirit of FRA supporting the objectives of the DBE program, we strongly urge you to immediately require that FRA adopt the statutory requirements under 49 CFR, Part 26, (DBE Program) and mandate its implementation with the California High-Speed Rail Project; we have experience that unless the DBE programs are mandated, they are not implemented.

Submitted by,

A handwritten signature in black ink, appearing to read "Rodrigo Garcia".

Rodrigo Garcia,
Vice President
323 265-1443

eHEBC
Hispanic Engineers Business Corporation

March 13, 2011

Chairman of the Board

Rodrigo T. Garcia
Monterey Pk., California

Phone: 323 265-1443

Board of Directors

Frank Avila
Chicago, Illinois

Percy Duran, III
Los Angeles, California

Fernando Erismann
New York, New York

David Maldonado
San Diego, California

Executive Officer

Michael Trujillo
Executive Officer

Web Site

www.eHEBC.org

Headquarters

120 S. Euclid Avenue
Pasadena, CA 91101

Phone: 626 683-9725

House Committee on Transportation and Infrastructure and the Senate
Committee on Environment and Public Works

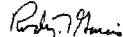
**Subject: "Improving and Reforming our Nation's Surface Transportation
Programs to Support Job Creation and the Economy."**

The Hispanic Engineers Business, HEBC is a Global Business Cluster for the purposes of promoting the economic development of technological businesses throughout the nation. We wish to go on record with two recommendations to improve the participation of small business in the improvement of the nation's surface transportation programs and, in turn support job creation and the economy.

The first is to remove any restrictions in federal regulations which would not allow the concurrent utilization of Local or State Small Business Enterprise Programs together with the federal Disadvantage Business Enterprise program. An example are Caltrans projects which have been federalized by receiving federal funding; Caltrans claims that DOT does not allow Caltrans to impose SBE goals on federalized projects. This is an unwarranted penalty on small businesses which are ready and able to undertake professional and construction contracts but are impeded to do so by this policy. It will also hold true with local transportation agencies which are receiving local funding and wish to leverage their funds by applying for federal funds. There is no good or fair reason for the federal government to impose such restrictions on state or local agencies as long as the agencies can meet all the federal requirements.

The second is to allow local and state agencies to utilize to negotiate and award firm fixed price contracts for federalized projects where the contract amount is \$1 million or less for professional and engineering service contracts. The federal government utilizes hybrid type contracts with firm fixed price elements on various contracts. There should be no requirement for small firms to audited to establish their overhead rates provided the rates are reasonable and within like industry fees. The burden to small business to provide cognizant audits is a real time and cost barrier to small business firms completing with major firms and provides no benefit to the federal government; it is government waste and a small business killer.

Sincerely,



Rodrigo T. Garcia, P.E.



WRITTEN STATEMENT OF
DEBORAH A. HUBSMITH
DIRECTOR
SAFE ROUTES TO SCHOOL NATIONAL PARTNERSHIP

FOR THE
Joint Field Hearing of the House Committee on Transportation and Infrastructure and the
Senate Committee on Environment and Public Works

HEARING ON
"Improving and Reforming our Nation's Surface Transportation Programs to Support Job
Creation and the Economy"

February 23, 2011

Chairman Boxer, Chairman Mica, and Members of the Committees:

Thank you for inviting the Safe Routes to School National Partnership to present written comments for the Los Angeles hearing on improving and reforming our nation's surface transportation program to support job creation and the economy.

The Safe Routes to School National Partnership is a network of more than 500 organizations, government agencies, professional groups and schools that are seeking to make it safer and easier for children and families to walk and bicycle to schools.

Background

Currently, 12 percent of trips in the United States are already made by walking and bicycling, and the use of these modes of transportation in America is on the rise, increasing 25 percent since 2001. For many Americans, walking and bicycling is a necessity, as one-third of Americans don't own cars, including children, the elderly, people with disabilities, and low-income individuals.

The federal Safe Routes to School Program was created in 2005 through SAFETEA-LU. The goals of the program relate to improving safety and increasing opportunities for children to safely walk and bicycle to schools, which reduces traffic congestion. The program was funded at a level of \$612 million over five years, representing just 0.2 percent of the federal transportation budget, and has been continued at an annual level of \$183 million into 2010 and 2011. More

than 10,000 schools and communities have benefited from the federal Safe Routes to School funding across all 50 states. The program is building sidewalks, pathways and safe street crossings that serve children while also improving safety for other community members.

Benefits of Safe Routes to School

Infrastructure and Safety: For just 0.2% of the federal transportation funding, Safe Routes to School is helping to improve safety around more than 10,000 schools nationwide—critical since one-third of children’s traffic deaths occur when kids are walking and bicycling and are struck by cars. The infrastructure improvements made through Safe Routes to School are targeted to address high-risk areas where a lack of sidewalks and crosswalks, traffic volumes and traffic speeds create unsafe conditions for children. Simply adding a sidewalk reduces by half the risk that a pedestrian will be struck. For each collision avoided, communities save money and tragedies are avoided.

Economy and Jobs: Safe Routes to School is a smart use of dollars—making a one-time, low-cost investment like adding sidewalks can reduce long-term school busing costs and ease financial burdens on school systems. A recent study of jobs through transportation infrastructure in Baltimore, Maryland showed that pedestrian and bicycle construction projects generated nearly twice as many jobs as roadway construction. In addition, studies show that trail projects increase local business revenues and create more jobs. Communities of all shapes and sizes—rural, suburban and urban—are competing for these dollars, and in some small towns Safe Routes to School funding has resulted in the town’s first set of sidewalks—which also helps support access to local businesses.

Traffic: Approximately 15-25% of morning traffic is generated by parents driving their kids to school, so the choices parents make about the trip to school affect other drivers trying to get to work. Nearly half of kids that live between one-quarter and one-half of a mile from school are currently driven to school, and the most commonly cited reason for driving is a lack of safety. These short trips can be shifted to walking and bicycling with Safe Routes to School, easing the morning commute.

Childhood Obesity: A lack of physical activity among children has fueled the childhood obesity epidemic, which has huge economic costs to America as more children develop diseases like type II Diabetes. Safe Routes to School infrastructure gets children moving, creating an opportunity for daily physical activity and improved health through self responsibility.

Recommendation

We urge the House Transportation and Infrastructure Committee and the Senate Environment and Public Works Committee to continue dedicated funding for Safe Routes to School in the next surface transportation bill authorization. We also support the continuation of the Transportation Enhancements program. These programs improve safety, create more jobs, and help create a thriving economy for America.

**Joint Field Hearing of the House Committee on Transportation and Infrastructure and the
Senate Committee on Environment and Public Works**

Written Statement

Genaro Mejia, PE

To Committee Chairs Barbara Boxer and John Mica and Committee Members:

As a Civil Engineer, a member of the American Society of Civil Engineers (ASCE), and a concerned citizen, I thank the Committee for conducting this hearing and urge the committees to support funding for high speed rail and the establishment of the national infrastructure bank as currently proposed in the President's 2012 budget. Transportation and infrastructure are the backbone to any thriving city, state, and country. Los Angeles is prime example of this and is home to a complex transportation system that includes Los Angeles International Airport and the Los Angeles-Long Beach Port complex, two of the busiest and biggest hubs of transport and commerce in the world.

According to the Urban Mobility Report by the Texas Transportation Institute commuters in 2009 within the Los Angeles-Long Beach-Santa Ana spent 515 million hours in traffic wasting 406 million gallons of gasoline at a cost of \$12 billion in lost time and productivity. In 2011 unemployment is nearing with no signs of congestion improving, Los Angeles cannot afford to experience these types of losses.

In 2008, as the economic recession battered California and the country, gas prices in the state peaked at \$4.60 per gallon in the summer and dropped towards the end of the year to about \$2.00 per gallon. By the time the November 2008 elections came around, Californians and Angelenos were ready to change the future of transportation in their state and community by reducing their dependence on fossil fuels.

That year, California and Los Angeles County voters passed two important transportation measures: Proposition 1A and Measure R.. Proposition 1A (Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century) approved the issuance of \$9.95 billion in general obligation bonds to partially fund the California High Speed Rail project. Measure R (Traffic Relief and Rail Expansion ordinance) resulted in a half-cent sales tax increase that, over 30 years, will produce an estimated \$40 billion in revenue.

At this time California High Speed Rail and the Measure R program are working to provide a sustainable, efficient and reliable form of transportation that will reduce the States dependence on fossil fuels. The California High Speed Rail Authority has received various federal grants totaling approximately \$5 billion, plans are underway to build the first segment from Fresno to Bakersfield and complete the environmental process for the other segments to complete the first phase from Los Angeles to San Francisco. Similarly, the Los Angeles County Metropolitan Transportation Authority (LAMTA) has been working towards completing dozens of highway and transit project funded by Measure R, these projects are meant to improve mobility and transportation options throughout the county. To help accelerate the construction of key project LAMTA has been proposing a 30/10 initiative which would leverage revenues from Measure as collateral for a federal loan that could be funded by a national infrastructure bank.

In closing, at a time when the economic reality was bleak for many voters, the fact that both the proposition and the measure passed indicates the voters' demand for dramatic improvements to the public transportation system and a desire for a sustainable, efficient, and reliable form of transportation. I urge the Committee to take similar steps and continue the momentum started in 2008 by supporting funding for high speed rail and the establishment of a national infrastructure bank as currently proposed by the President 2012 Fiscal Budget.

Thank you,

Genaro Mejia, PE M.ASCE

WEST COAST CORRIDOR COALITION
RECOMMENDATIONS FOR THE NEXT
NATIONAL TRANSPORTATION AUTHORIZATION
MARCH 1, 2011
JOINT FIELD HEARING SENATE EPW AND HOUSE T&I COMMITTEES

THANK YOU FOR THE OPPORTUNITY TO PROVIDE TESTIMONY TO THE JOINT HEARING OF THE HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE AND THE SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS ON THE NEXT AUTHORIZATION FOR TRANSPORTATION. THE WEST COAST CORRIDOR COALITION IS SUPPORTIVE OF A NEW MULTI-YEAR TRANSPORTATION AUTHORIZATION BILL AS SOON AS POSSIBLE.

THE COALITION RECOMMENDS THE NEW TRANSPORTATION AUTHORIZATION BILL INCLUDE SPECIFIC RECOGNITION OF THE IMPORTANCE OF A NATION-WIDE COORDINATED AND INTEGRATED FREIGHT TRANSPORTATION SYSTEM IN ITS ROLE OF SUSTAINING AND GROWING THE AMERICAN ECONOMY. WE RECOMMEND THERE BE AN INVESTMENT STRATEGY AND FUNDING SUPPORT FOR SUCH A SYSTEM WITH SPECIAL RECOGNITION OF THE ROLE OF KEY FREIGHT AND TRADE CORRIDORS AND GATEWAY FACILITIES, SUCH AS PORTS AND SIGNIFICANT BORDER CROSSINGS, AND FEDERAL FINANCIAL SUPPORT FOR THEIR ROLE IN THE NATIONAL ECONOMY THROUGH THE CREATION OF A NATIONAL FREIGHT MOVEMENT PROGRAM. IT IS WELL RECOGNIZED THAT AN EFFECTIVE NATIONAL SYSTEM FOR THE MOVEMENT OF FREIGHT BETWEEN REGIONS AND STATES IS CRUCIAL TO THE NATION'S ECONOMIC COMPETITIVENESS IN THE GLOBAL ECONOMY. SYSTEM CONNECTIVITY, RELIABILITY AND FLEXIBILITY ARE KEY ATTRIBUTES OF THIS NATIONAL NETWORK. THE WEST COAST TRANSPORTATION NETWORK SUPPORTS THE MAJORITY OF NATIONAL FREIGHT IMPORTS THAT PASS THROUGH TO OTHER PARTS OF THE COUNTRY. YET OUR STATES AND LOCAL GOVERNMENTS HAVE HAD TO BEAR THE PRIMARY FINANCIAL RESPONSIBILITY FOR PROVIDING THIS "SERVICE" TO THE REST OF THE COUNTRY AND FOR BEARING THE ENVIRONMENTAL IMPACTS SUCH A ROLE CAUSES.

DEVELOPING THIS SYSTEM REQUIRES IMPROVED PUBLIC PRACTICES, STRATEGIES AND COOPERATION WITH THE PRIVATE SECTOR TO ACCOMPLISH THIS STRATEGIC OBJECTIVE.

THE COALITION URGES THAT THE AUTHORIZATION BILL INCLUDE PROVISIONS THAT RECOGNIZE KEY INTERSTATE FREIGHT CORRIDORS. FURTHER, THE AUTHORIZATION BILL SHOULD ALSO RECOGNIZE AND SUPPORT THE ROLE OF MULTISTATE COALITIONS, WHICH INCLUDE BOTH PUBLIC AND PRIVATE STAKEHOLDERS, TO PROVIDE COORDINATION AND INTEGRATION FUNCTIONS TO DEVELOP THESE KEY NATIONAL CORRIDORS. THIS WOULD BUILD UPON PREVIOUS PROGRAMS SUCH AS THE CORRIDORS OF NATIONAL SIGNIFICANCE AND CORRIDORS FOR THE FUTURE; BUT, ADDS AN IMPORTANT INSTITUTIONAL COMPONENT.

THESE MULTISTATE COALITIONS, THROUGH THEIR MEMBERS, CAN DEVELOP CORRIDOR PLANS, IDENTIFY PRIORITY FREIGHT PROJECTS IN AN INTEGRATED, COORDINATED MANNER, SPREAD BEST PRACTICES MORE QUICKLY AND IMPROVE INTERAGENCY COMMUNICATIONS. COALITIONS SUCH AS OURS, THE I-95 COALITION, NASCO AND OTHERS HAVE PROVEN TO BE SUCCESSFUL EFFORTS AND WE URGE CONTINUED RECOGNITION AND SUPPORT FOR SUCH PROGRAMS.

RESOURCE ALLOCATIONS SHOULD BE LINKED TO PROVIDE FUNDING TO THOSE GATEWAYS AND CORRIDORS WHERE IMPACTS/DEMAND WILL BE THE MOST INTENSE SUCH AS THOSE LOCATED ON THE WEST COAST.

WE RECOMMEND THE NATIONAL FREIGHT PROGRAM SUPPORT EXISTING TRANSPORTATION PLANNING PROCESSES TO ALLOW STATES AND REGIONS TO DEVELOP PERFORMANCE-BASED PLANS AND PROGRAMS. THIS PROGRAM SHOULD ALLOW FLEXIBILITY TO MAKE FREIGHT INVESTMENTS ACROSS MODES WITHIN THE CORRIDOR. SUCH FUNDING SHOULD ALSO ALLOW FOR THE MITIGATION OF GOODS MOVEMENT-RELATED ENVIRONMENTAL IMPACTS.

THE INTEGRATION AND IMPLEMENTATION OF NEW TECHNOLOGIES AND CLEAN, GREEN AND SMART STRATEGIES WILL ALSO BENEFIT FROM BEING DEVELOPED IN THE CONTEXT OF THESE MULTI-STATE CORRIDORS IN MANY INSTANCES. THEY ARE IMPORTANT COMPONENTS IN NOT ONLY FREIGHT PROGRAMS BUT OTHER MOBILITY STRATEGIES AS WELL SUCH AS THOSE TO SUPPORT IMPLEMENTATION OF ALTERNATIVE FUELS TO REDUCE OUR DEPENDENCE ON FOREIGN OIL.

THE WEST COAST CORRIDOR COALITION IS A MULTI-STATE COALITION OF TRANSPORTATION ORGANIZATIONS INCLUDING STATE DEPARTMENTS OF TRANSPORTATION IN ALASKA, WASHINGTON, OREGON AND CALIFORNIA, NUMEROUS METROPOLITAN PLANNING ORGANIZATIONS, PORTS, PRIVATE PROVIDERS AND OTHER STAKEHOLDERS.

FOR MORE INFORMATION OR QUESTIONS PLEASE CONTACT JIM GOSNELL, EXECUTIVE DIRECTOR, WEST COAST CORRIDOR COALITION—213 716-2296 OR EMAIL AT jim.gosnell@westcoastcorridors.org.



Statement for the Record

**Andrew P. Fox
Mayor
City of Thousand Oaks, California**

**Joint Field Hearing
House Committee on Transportation and Infrastructure
United States House of Representatives
Senate Committee on Environment and Public Works
United States Senate**

**"Improving and Reforming our Nation's
Surface Transportation Programs
to Support Job Creation and the Economy."**

**Los Angeles, California
February 23, 2011**

Chairmen Mica and Boxer, I am submitting this statement for the record on behalf of the U.S. 101/S.R. 23 Regional Transportation Corridor Project- "A Corridor of Regional Significance" which is the number one priority of the City of Thousand Oaks, the Ventura County Transportation Commission and our Congressman, Elton Gallegly, in the reauthorization of SAFETEA LU. This Project truly reforms and enhances a critical regional transportation corridor, resulting in local job creation and an improved economy.

My name is Andrew P. Fox and I am the Mayor of the City of Thousand Oaks, California. On behalf of the City, I would like to express our sincere appreciation for inviting us to attend the joint committee hearing in Los Angeles to discuss the next authorization of the highway, transit and highway safety programs bill. The City is pleased to present to both Committees this *Statement for the Record* to introduce the Committees and Congress to the U.S. 101/S.R. 23 Regional Transportation Corridor Project- "*A Corridor of Regional Significance.*"

The U.S. 101/S.R. 23 Regional Project provides a critical link between east-west State Route 118 and U.S. 101 and north-south Interstate 5 and Interstate 405, connecting Los Angeles, Ventura, and Santa Barbara Counties. The U.S. 101 and State Route 23 serve as vital freeways in the City of Thousand Oaks and provide access to both residents and commuters locally and regionally for the purposes of employment, recreation, travel, and goods movement. The U.S. 101 is also one of two primary routes connecting Northern and Southern California. The California Department of Transportation (Caltrans) estimates that 800,000 vehicles travel through this regional corridor daily.

In May 2008 Caltrans completed Route 23 Freeway widening on both north and south bound lanes as an essential component in relieving traffic congestion not only locally but within the region. Currently, State Route 118 freeway is being expanded. The proposed U.S. 101/S.R. 23 Regional Project is essential to maximize the full benefits of the State Route 23 Freeway Widening Project and State Route 118 expansion.

The \$30 million request, using the 101/23 interchange as the centerpiece, includes conversion of auxiliary lanes to mixed-flow lanes, addition of northbound lane, realignment and widening of ramps at the interchange, seismic retrofit of existing structures, installation of stormwater treatment devices, and construction of soundwalls and retaining walls in various locations. During Caltrans review of the Project in September 2010, they included additional modifications to the scope of work. The scope of the Project was expanded to include the widening of the Moorpark Road undercrossing/bridge. This will allow the addition of one lane Northbound on US 101 through the Moorpark Road interchange. Traffic modeling indicated that this location was a major choke point in the corridor. By widening this bridge, traffic congestion through the U.S. 101 /S.R. 23 Regional Project is drastically improved.

The 101/23 Interchange is on the California State Transportation Improvement Plan (STIP). The local regional transit authority, Ventura County Transportation Commission, designates this vital Project as its top/number #1 priority for the region. The 101/23 Interchange is also the only

pending highway project for the County and an important part of the overall passenger and commercial regional mobility that benefit businesses, commuters and residents from Santa Barbara to Los Angeles rely heavily on.

This Project is critical to:

- **Congestion Reduction-** There are approximately 90 million hours delay per year estimated by Caltrans at the 101/23 Interchange, the busiest interchange in Ventura County. The Regional Project is designed to improve traffic speeds and minimize delays experienced by drivers while improving levels of service for State Route 23 as well as the U.S. 101 and 118 freeways during peak travel hours.
- **Economic Growth and Development in the Area-** Thousand Oaks and the surrounding region are home to large corporations and business operations. Amgen, Baxter Bioscience, J.D. Powers and Associates, Teradyne and Skyworks Solutions house their corporate offices in this area. BMW, Countrywide, Anthem Blue Cross, Verizon and Dole are also located in this regional corridor.
- **Air Quality and Noise Pollution-** Reducing congestion will have positive effects on air quality. Proposed soundwalls would mitigate noise for 400 residential homes and businesses adjacent to the 101 Freeway.
- **Generate Economic Benefits-** With increased mobility, the region can further expand business opportunities, facilitate the flow of truck-borne commodities and promote efficient commute times for employers. Enhanced traffic flow also contributes to greater interstate commerce, especially from the region's deep water port- Port Hueneme. Improved economic benefits will not only be generated locally but assist with industries and businesses dependent on providing services and transporting goods throughout the state and even beyond. The Project itself will create approximately 2,350 construction jobs.
- **Goods Movement-** The 101/23 Regional Transportation Corridor has key industries, manufacturing facilities, agriculture, and corporations which rely heavily on moving their products, services, and employees in a timely and efficient manner. Improvements to the 101/23 Regional Transportation Corridor are essential to support goods movement to and from the region. Port Hueneme, located within the region, is the only commercial deep-water harbor between Los Angeles and San Francisco. The Port serves international businesses and ocean carriers from the Pacific Rim and Europe. The Port is used as both a shipping and receiving port for goods and products transfer throughout the nation. The port primarily imports/exports fresh produce (*Del Monte, Sunkist, Chiquita Bananas*) and automobiles (*BMW, Jaguar, Land Rover, Volvo.*) Designated as Foreign Trade Zone #205, the Port moves \$7 billion in cargo every year, according to the Port of Hueneme. It is considered a major U.S. entryway — one of the busiest banana importing ports and among the top 10 automobile importing ports. The Port's business activity

generates more than \$650 million a year for the Ventura County economy and 4,500 jobs, directly or indirectly.

- **Homeland Security-** The region's Point Mugu Naval Base Ventura County is considered a strategic training base for the U.S. Navy Pacific Seabees and California Air National Guard. The Department of Defense runs various missions including combat and weapon systems testing. The Navy's combat skilled construction force serves around the world in support of military construction requirements. Established in 2009, the "Oxnard-Thousand Oaks Urban Area Security Initiative" or UASI includes four core cities – Thousand Oaks, Camarillo, Oxnard, and Ventura. Through the U.S. Department of Homeland Security's (DHS) designation, it identifies the coastal regional as extremely vulnerable to terrorist attack. The UASI has a number of characteristics that make it vulnerable to terrorist attack including three military installations and four airports including the Point Mugu Naval Air Station. The UASI is traversed by the U.S 101 Freeway. As the only highway in the UASI and through the coastal part of the County, it serves as the primary vehicular thoroughfare for mass evacuation or critical response. The U.S. 101 is also one of the two major North-South routes in California, thus affecting major statewide evacuation.

The U.S. 101/S.R. 23 Transportation Corridor Project is a valuable transportation project that will have significant benefits not only for the City of Thousand Oaks and Ventura County residents, businesses and commuters but also for the larger region of Los Angeles and Santa Barbara Counties. It has broad support from State legislators, local officials, educational institutions, and the business community.

The Congress, via Congressman Gallegly, has appropriated to date \$927,500 (FY 2009: \$427,500 and FY 2010 \$500,000) toward the Project. In 2010, the City of Thousand Oaks received \$5.2 million in American Recovery and Reinvestment Act funding via Surface Transportation Funds from the Ventura County Transportation Commission. The City has embarked on the design phase of the Project with the help of these funds. Approximately 35% of the Project's design has been completed with final completion anticipated by Fall 2011. The project will be ready for construction in 2012.

Chairmen Mica and Boxer, we appreciate your continued support in learning about the needs of cities and counties in Southern California. We look forward to continuing to work with both Committees during the reauthorization process.

Should the Committee or its staff have questions or desire additional information about the U.S. 101/S.R. 23 Regional Transportation Corridor Project or the City of Thousand Oaks, please feel free to contact Legislative Affairs Manager, Mina M. Layba at 805-449-2109, or mlayba@toaks.org.

Thank you for your consideration.

Statement for the Record
Senate Committee on Environmental and Public Works and
House Committee on Transportation & Infrastructure
Los Angeles, California Field Hearing
“Improving and Reforming our Nation’s Surface Transportation Programs to Support Job
Creation and the Economy”
February 23, 2011

The undersigned organizations appreciate the opportunity to submit this statement for the record to express our priorities for the reauthorization of the surface transportation bill.

Transportation provides access to opportunity for millions of people, and thus, the bill has the potential to serve as a key component in addressing poverty, unemployment, and equal opportunity goals. As organizations that represent persons of color, women, children, individuals with disabilities, gays and lesbians, older adults, labor unions, major religious groups, civil libertarians, and human rights organizations, we are committed to ensuring that transportation investments are equitably targeted to the people and places that need them the most.

Our transportation policy has the potential to expand economic opportunity for low-income individuals by connecting them to jobs and creating, training, and retaining underrepresented workers in highway construction, transit, and rail projects. It also has the potential to exacerbate some communities’ isolation from jobs and resources. At a time of high unemployment and unprecedented income inequality, equity in transportation policy is one of the most pressing civil and human rights issues our nation faces.

We believe that equal access to affordable transportation is a fundamental civil right and that several core principles must be adhered to in federal transportation policy. First, federal policy must create affordable, available, and accessible transportation options for everyone, regardless of income, race, age, disability, background, or ZIP code. Second, transportation policy must create, protect, and ensure equal employment opportunities in the transportation industry. Third, federal transportation investments must promote healthy, safe, and inclusive communities with housing opportunities for families of all incomes. Fourth, equity requires that decisions regarding the public dollars invested in transportation must be made by bodies that represent all constituents equally. Finally, there must be strengthened civil rights enforcement to ensure access to transportation, as well as prevent disproportionate negative impacts on disadvantaged communities.

The federal surface transportation program is an important and essential source of funding for providing safe and reliable transportation service and improving the Los Angeles region’s highways, roads, and public transportation conditions while ensuring fair access to quality jobs and contracting opportunities.

Transportation and the Los Angeles Region

With over 12 million people, the Los Angeles metropolitan area is the second largest urban area in the nation. However, the region’s current transportation infrastructure does not meet the needs

of its residents. The average Los Angeles commuter spends 72 hours stuck in traffic every year, the worst in the country.¹ The consequences of a lack of transportation options reach far beyond commute time—47 percent of Los Angeles commuters report that traffic has negatively affected their health.²

Far too many Angelenos do not have access to reliable, affordable transportation, leaving them isolated in neighborhoods located far from jobs, grocery, stores, quality schools and health care clinics, with no way to connect to these vital opportunities and services. This is particularly the case for low-income people and communities of color in Los Angeles, where almost 85 percent of public transportation users in Los Angeles are people of color and 65 percent have family incomes under \$15,000.³

Transportation Equity Fosters Employment Growth and Promotes Equal Job Opportunity

According to the Brookings Institution, by 2006, 45 percent of jobs in our 98 largest metro areas were located more than 10 miles from the urban core.⁴ While jobs are increasingly moving to suburbs and remote exurbs, affordable transportation options to and within these areas have not increased at the same pace. As a result, many lower-income and minority people living in rural communities, small towns and urban areas are often isolated from job opportunities.

Most of the outlying areas where an increasing percentage of American jobs are located are reachable only by car. This disproportionately harms people of color: 19 percent of African Americans and 13.7 percent of Latinos lack access to automobiles, compared with 4.6 percent of Whites.⁵ Lack of public transportation also impedes efforts to reduce poverty—three out of five jobs that are suitable for welfare-to-work participants are not accessible by public transportation.⁶

Our next major federal investment in surface transportation will create hundreds of thousands of jobs in the transportation sector. States and regions with diverse public transportation options have better job growth and economic development. By improving the Los Angeles region's transportation network, Congress can help create good paying and much needed jobs. Investments in transportation can and will create jobs and stimulate the economy. Given the level of unemployment and high poverty levels, the next transportation bill should ensure fair access

¹ "In Depth: 10 Worst Cities For Commuters." *Forbes, Inc.* Retrieved from: http://www.forbes.com/2008/04/24/cities-commute-fuel-forbeslife-cx_mw_0424realestate3_slide_3.html?thisSpeed=undefined

² "Los Angeles ranks high in 'commuter pain' study, but things could be worse." *Los Angeles Times*. 30 June 2010. Retrieved from: <http://latimesblogs.latimes.com/lanow/2010/06/los-angeles-ranks-high-in-commuter-pain-study-but-things-could-still-be-worse.html>

³ Geoff Ray. "LA Bus Riders' Union Rolls Over Transit Racism." *Race, Poverty & the environment*. Winter 2005/2006.

⁴ Elizabeth Kneebone, "Job Sprawl Revisited: The Changing Geography of Metropolitan Employment," Metropolitan Policy Program at Brookings. April 2009. *at* http://www.brookings.edu/~media/Files/rc/reports/2009/0406_job_sprawl_kneebone/20090406_jobsprawl_kneebone.pdf.

⁵ Brookings Institution and UC-Berkeley. "Socioeconomic Differences in Household Automobile Ownership Rates" *at* <http://gsppi.berkeley.edu/faculty/sraphael/berubedeakenraphael.pdf>

⁶ Surface Transportation Policy Project, "Transportation and Poverty Alleviation" *at* <http://www.transact.org/library/factsheets/poverty.asp> referring to study by the Volpe Institute.

to all Angelenos—regardless of race, gender, income, disability, and ZIP code—to quality jobs, workforce development, and contracting opportunities in the transportation industry.

The Los Angeles region needs an enhanced transportation network that improves mobility of both people and goods. Los Angeles, like many of our nation's port communities is facing a dire situation. The U.S. Environmental Protection Agency estimates that 87 million Americans live and work in regions near major port facilities that violate federal air quality standards. Each day they are exposed to toxic diesel exhaust from polluting port trucks, which are contributing to deadly diseases like asthma, heart disease, and cancer. Over 100,000 U.S. port truck drivers toil everyday in dirty diesel rigs, without adequate safety protections.

The Port of Los Angeles' Clean Truck Program put 8,500 new clean diesel and alternative fuel vehicles into service, and emissions were reduced by 80 percent in the surrounding communities. It is important that our federal surface transportation program support innovative approaches that alleviate freight chokepoints, put the Los Angeles region on a path to economic prosperity, all while cleaning the air, improving public health and ensuring that port workers and drivers have quality, high-road jobs.⁷

Transportation Equity Means Affordable, Available, and Accessible Transportation Options

Our civil rights laws bar employers, federal, state, and local governments and public accommodations from discriminating in access to health care, employment opportunities, housing, education, and voting (among others). Although our laws promise to open doors to opportunity, this is a hollow promise for people who are physically isolated from jobs, schools, stores that sell healthy food, and health care providers. As our metropolitan areas have expanded and jobs and services have become more diffuse, equal opportunity depends upon equal access to affordable transportation.

Transportation investment to date has produced an inhospitable landscape for low-income people, people with disabilities, and the elderly. People of color are disproportionately disadvantaged by the current state of transportation. The cost of car ownership, underinvestment in public transportation, and a paucity of pedestrian-friendly—and bicycle-accessible—thoroughfares have isolated low-income people and struggling families from jobs and services.

This is the civil rights dilemma: Our laws purport to level the playing field, but our transportation choices have effectively barred millions of people from getting across it. Traditional nondiscrimination protections do not protect the person for whom opportunities are literally out of reach.

For this reason, our transportation policy should expand and improve access to people for whom the cost of car ownership is prohibitive and for those who may depend on public transportation, including older adults, people with disabilities, people in rural areas, and low-income people. The Los Angeles region's transportation policy needs to support a wide range of choices and

⁷ Rebecca Smith, Dr. David Bensman, and Paul Alexander Marvy, "The Big Rig: Poverty, Pollution, and the Misclassification of Truck Drivers at America's Ports: A Survey and Research Report," *at* <http://www.nelp.org/page/-/Justice/PovertyPollutionandMisclassification.pdf?nocdn=1>

users, not just car travel on highways and roads.⁸ Seniors or persons with disabilities may not be able to use or may not want to drive. New highways exacerbate transportation inequities by extending the gaps between housing and jobs. An equity agenda should favor fixing existing infrastructures and incentivizing fill-in development in metro areas.

In Los Angeles, quality jobs, affordable housing, grocery stores and other retail, critical supportive services, quality education, and health care facilities are very decentralized. Lack of access to affordable and reliable transportation has been cited as one of the biggest hurdles to finding and keeping a job, particularly for individuals with limited income, single parents, and others transitioning to work.⁹ Because of the cost of car ownership, which averages \$9,500 per year¹⁰, some Angelenos cannot afford to purchase or maintain a car. The Job Access and Reverse Commute (JARC) program addresses this barrier by providing funds to support the development of new transportation services, services that fill gaps in existing services, or the promotion of transportation use to employment and related destinations.¹¹ The JARC program seeks "to improve access to transportation services to employment and employment related activities for welfare recipients and eligible low-income individuals and to transport residents of urbanized areas and nonurbanized areas to suburban employment opportunities."¹²

The New Freedom program was designed "to provide additional tools to overcome existing barriers facing Americans with disabilities seeking integration into the work force and full participation in society."¹³ We support the goal of the JARC and New Freedom programs of improving access to transportation services to employment and employment-related activities for Temporary Assistance for Needy Families recipients and eligible low-income individuals in rural and urban areas. JARC and the New Freedom programs should be fully funded in the next transportation bill, so that the Los Angeles region can continue to use funds to, among other things, assist low-income individuals to gain access to employment opportunities through such solutions as car loan and purchase programs.

A decade ago, elimination of federal operating funding for public transportation systems serving communities of more than 200,000 people forced states and regions to make up for the federal cut. The result has been that many states and regions struggle to provide adequate public transportation service. Even more, the federal support for building of new transit facilities (i.e. new light and heavy rail lines) and the lack of commensurate support for maintaining and/or expanding existing public transportation service incentivizes regions to spend money on new

⁸ Surface Transportation Policy Project, *Transportation and Poverty Alleviation* <http://www.transact.org/library/factsheets/poverty.asp> referring to study by the Volpe Institute.

⁹ Community Transportation Association, *Employment Transportation Briefs: A Guide to Job Access and Reverse Commute Programs*, http://web1.ctaa.org/webmodules/webarticles/articlefiles/A_Guide_to_JARC.pdf

¹⁰ Your Driving Costs. AAA. Retrieved from: <http://www.aaaexchange.com/main/Default.asp?CategoryID=16&SubCategoryID=76&ContentID=353>

¹¹ Community Transportation Association, *Employment Transportation Briefs: A Guide to Job Access and Reverse Commute Programs*, http://web1.ctaa.org/webmodules/webarticles/articlefiles/A_Guide_to_JARC.pdf

¹² U.S. Department of Transportation, Federal Transit Administration, FTA Circular 9050.1: The Job Access and Reverse Commute (JARC) Program Guidance and Application Instructions, May 1, 2007, II-1.

¹³ U.S. Department of Transportation, Federal Transit Administration, FTA Circular 9045.1: The New Freedom Program Guidance and Application Instructions, May 1, 2007, II-1.

infrastructure even as they cut existing public transportation service. This is a threat to mobility and economic prosperity in the Los Angeles region.

Transportation Equity Promotes Healthy Communities

Transportation decisions contribute to economic and racial segregation in our metro areas. Emphasis on one-use highways (without sidewalks, bicycle access, or rapid bus routes) contributes to this segregation and severely restricts housing choices for people with disabilities, low-income people, and seniors. When a community is car-dependent, those who cannot afford automobiles or lack the ability to drive cannot live there even if housing is affordable.

With respect to community health, emissions from traffic congestion and heavily used transportation facilities (i.e. bus depots and seaports) increase the rates of asthma for nearby residents. Chronic diseases create significant financial and social burdens for communities. Public transportation creates healthier communities, ultimately reducing air pollution, which disproportionately affects low-income neighborhoods and communities of color, encouraging people to walk more, and increasing access to jobs. Thoughtfully crafted federal infrastructure investments can help remedy disparities among low-income people and communities of color that are a result of poor air quality, unsafe roads, missing sidewalks and bike paths. Promoting healthy and safe communities should be a priority in the upcoming surface transportation bill.

Transportation Equity Requires Equitable Decision-Making Power

Our transportation policy has been made by bodies that do not represent all constituents equally.¹⁴ A more equitable transit system is only possible if low-income people, people of color, and people with disabilities have meaningful representation in local decision-making bodies such as metropolitan planning organizations. Everyone should have a seat at the table when transportation policy is developed and funds are spent.

Transportation Equity Requires Meaningful Civil Rights Protections

Transportation policy has always played a central role in the struggle for civil and human rights. Practical access to transportation helps ensure access to good schools and housing, basic services like health care, and the acquisition of job skills and employment opportunities. Conversely, the absence of affordable, available, and accessible transit threatens the civil rights of millions of Americans. Past investment has disproportionately benefitted people in outlying areas, leaving many low-income Americans out of reach of jobs, and forcing others to exhaust their budgets on transportation at the expense of other needs such as health care, housing, food, and education. Enforcing civil rights protections to ensure fair and equitable access to the benefits of our transportation system, and prevent disproportionate negative impacts on disadvantaged communities are a priority of civil and human rights organizations.

We urge you to support transportation investments that focus on equity. We look forward to working with you and your staff in crafting a bill that addresses the needs of all communities.

¹⁴ Thomas W. Sanchez "An Inherent Bias? Geographic and Racial-Ethnic Patterns of Metropolitan Planning Organization Boards." Accessed from: http://www.brookings.edu/reports/2006/01/transportation_sanchez.aspx

Asian Pacific American Legal Center, a member of Asian American Center for Advancing Justice

Karin Wang, Vice President of Programs & Communications
Los Angeles, CA

Labor/Community Strategy Center and Bus Riders Union

Francisca Porchas, Lead Organizer
Los Angeles, CA

Mexican American Legal Defense and Educational Fund (MALDEF)

Thomas A. Saenz, President and General Counsel
Los Angeles, CA

Strategic Concepts in Organizing & Policy Education (S.C.O.P.E.)

Gloria Walton, Executive Director
Los Angeles, CA

The Leadership Conference on Civil and Human Rights

Wade Henderson, President and CEO

PolicyLink

Angela Glover Blackwell, Founder and CEO

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

Submitted for the Record to the Joint Field Hearing of the
Senate Committee on Environment and Public Works and
House Committee on Transportation and Infrastructure

**"Improving and Reforming our Nation's Surface Transportation Programs to
Support Job Creation and the Economy."**

Wednesday, February 23, 2011

Chairwoman Boxer and Chairman Boxer:

I want to thank you for holding the Joint Field Hearing of the Senate Committee on Environment and Public Works and House Committee on Transportation and Infrastructure entitled, "Improving and Reforming our Nation's Surface Transportation Programs to Support Job Creation and the Economy." I would like to take the opportunity to submit this statement for inclusion in the record.

The Laborers International Union of North America represents a half-million workers in 400 Local Unions across the United States who go to work every day to build America. LIUNA members – and the millions of construction workers like them – build our highways, our mass transit systems, our bridges and dams, our airport runways and our schools. We maintain sewer systems, dig tunnels, retrofit skyscrapers to emit fewer greenhouse gases, build pipelines that carry natural gas and oil and erect windmill farms.

You already know about the crisis facing America's surface transportation system – bridges that are too old or too small to safely handle the demands of modern commuting and commerce, roads that are full of damaging potholes or so congested that they literally bring the movement of people and goods to a halt.

This transportation system was once the envy of the world. Now, in many ways, it is a relic. Yes, we have managed to get by with repairs and half-measures. For 50 years, that was good enough, but it is not good enough now. Around the world, other countries are, by an order of magnitude, investing more and building more. And these countries, China and India among them, aren't just replicating something we already have – they're improving on it, with superhighways and bullet trains that are still only on the drawing board here.

Today, I want to talk about the people who take what's on that drawing board and make it real – the people who build America. A job in construction isn't easy – it can mean working in frigid cold or blistering heat, performing labor that leaves one aching and exhausted at the end of the day. And, while many receive plenty of training and preparation, construction workers still face danger every day on the job.

However, these jobs can also be rewarding ones. Financially, highway and bridge work can provide a man or woman with enough income to buy groceries, support their family and save toward a child's college education. They also include benefits that allow families to pay their medical bills and put money toward retirement. A good construction job provides the ability to shop at local businesses and dine at neighborhood restaurants – in short, it provides a worker with the chance to make a positive contribution to their community and society.

They can also be rewarding in another sense, one that goes beyond wages and benefits. Many of the laborers I meet followed their father or grandfather into the building trades. They saw firsthand that a construction job can be a good job and want to carry on a rich tradition. Plus, with this work comes pride – the ability to point to an enormous bridge or highway and tell your children, "I built that."

Unfortunately, that special opportunity is all too rare today. We aren't building what's needed and, as a result, we aren't creating jobs at a time when they're also needed.

America's construction workers are mired in a crisis that is trumped only by the Great Depression in its severity. Earlier this month, the U.S. Department of Labor pegged construction unemployment at 22.5 percent. Nearly 2 million men and women cannot find work in the industry – and this number doesn't include those who have simply given up. Whatever recovery is happening in the rest of the economy, the construction industry hasn't seen it – the number of construction jobs in America today sits at a 15-year low.

Here in California, the numbers are staggering – over 400,000 construction jobs have disappeared in the past four years. This is tragic considering the amount of work that needs to be done. Thirty percent of our bridges are deficient or obsolete, two-thirds of our major roads are crumbling and, as anyone who's visited here knows, our city's highways are congested to the breaking point. This situation isn't good for business, for working people, or anyone else.

The only way to address this situation – and the only way to create the construction jobs this country needs – is through strong, smart federal investment that comes with passage of a new surface transportation bill.

Continuing to pass extension after extension will not be enough – while that will make sure potholes get patched and emergency repairs are made, it will do nothing to fix the serious long-term problems facing our roads and bridges and it will do little to create new jobs. Without a long-term, comprehensive bill, contractors will once again be forced to delay purchasing new equipment or hiring large numbers of new workers – both of which limit our economy's ability to grow.

Members of the Laborers' International Union have been urging Congress to pass a fully-funded, long-term bill for three years now through our Build America campaign. This effort has shown that the men and women who build this country are ready to work today, but they can't do so unless the jobs are there.

That is why we hope that the committee will do its job by acting on a bill this year that would fully invest in our nation's roads and bridges. The members of LIUNA strongly support President Obama's call to outbuild our global competitors and we embrace both his call for a \$556 billion, six-year bill, as well as an immediate, \$50 billion investment in roads, rails and runways. The president's plan represents a long-term investment in the workers of today, as well as America's future. We can ensure the success of both by passing this desperately needed legislation.

While I understand there are significant divides over how to pay for such an investment, I want to underscore that this is a tremendous problem facing our country and that part of what makes America so great has been its willingness and ability to tackle the big problems. The Highway Trust Fund has been a successful model of user-supported investments into our transportation infrastructure. Unfortunately, demand has outpaced the Fund's ability to provide a sufficient level of investment. Congress must be willing to consider increasing raising the federal gas tax

in order to assure that sufficient funding is available to address the Nation's critical transportation needs.

America saved the world from fascism, protected it from communism, landed a man on the moon, created the Internet and built the greatest highway system in the world. Today, no one looks back and wonders whether these achievements were worth their cost in dollars.

We face a similar situation today and now is not the time to be timid or play politics. It is time to be leaders and statesmen. We can address the crises facing our transportation systems and our construction industry all at the same time. Our hope, as the men and women who build America, is that you and other political leaders can join together and pass legislation that would stand as one of the great legislative achievements of our time.

If you pursue such a bill, the men and women of LIUNA will support you in every step of the way. We are ready to work, and we are ready to build America.



Los Angeles County Bicycle Coalition
 634 S. Spring St. Suite 821
 Los Angeles, CA 90014
 Phone 213.629.2142
 Facsimile 213.629.2259
 www.la-bike.org

March 9, 2011

RE: LOS ANGELES FEDERAL TRANSPORTATION HEARING - NEXT FEDERAL TRANSPORTATION BILL

DEAR CONGRESSMAN MICA, SENATOR BOXER AND HONORABLE MEMBERS OF THE HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

THE LOS ANGELES COUNTY BICYCLE COALITION IS A NON-PROFIT, MEMBERSHIP-BASED ORGANIZATION THAT WORKS TO BUILD A BETTER, MORE BIKE-ABLE LOS ANGELES COUNTY THROUGH ADVOCACY, EDUCATION, AND OUTREACH. WE ARE WRITING TO COMMENT ON THE JOINT FIELD HEARING OF THE HOUSE COMMITTEE FOR TRANSPORTATION AND INFRASTRUCTURE AND THE SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS, HELD FEBRUARY 23, 2011, ON "IMPROVING AND REFORMING OUR NATION'S SURFACE TRANSPORTATION PROGRAMS TO SUPPORT JOB CREATION AND THE ECONOMY." SPECIFICALLY, WE WOULD LIKE TO ENCOURAGE YOUR COMMITTEES TO INCORPORATE LONG-TERM TRANSPORTATION AND PUBLIC HEALTH GOALS IN THE NEXT FEDERAL TRANSPORTATION BILL BY PROVIDING METHODS TO IMPROVE SAFETY AND CONSTRUCT FACILITIES FOR ACTIVE TRANSPORTATION MODES, SUCH AS BICYCLING AND WALKING.

TRADITIONALLY, STATES RECEIVING FEDERAL FUNDING HAVE HAD LITTLE ACCOUNTABILITY FOR THEIR TRANSPORTATION SPENDING, AND THE EFFECTS OF THESE TRANSPORTATION POLICIES HAVE BEEN DEVASTATING. THE COUNTRY'S CAR DEPENDENCE HAS LED TO AN INCREASE IN URBAN SPRAWL, COMMUTE TIMES, AND TRAFFIC CONGESTION; LOS ANGELES RESIDENTS ALONE SPEND MORE THAN 490 MILLION HOURS IN THEIR CARS EACH YEAR. AS AMERICANS GROW MORE RELIANT ON THEIR CARS, THEIR PHYSICAL ACTIVITY LEVELS DECLINE -- AND SO, TOO, DOES THEIR HEALTH. CORONARY HEART DISEASE IS THE LEADING CAUSE OF DEATH FOR RESIDENTS OF LOS ANGELES COUNTY, AND HEART DISEASE AND STROKE TOGETHER ACCOUNT FOR APPROXIMATELY 40% OF ALL DEATHS IN THE COUNTY. IN ADDITION, AIR POLLUTION COSTS IN THE LOS ANGELES AREA ARE ESTIMATED AT OVER \$22 BILLION, OR \$1,250 PER PERSON PER YEAR.

OUR NATION'S TRANSPORTATION DECISIONS HAVE BEEN NEEDLESSLY DESTRUCTIVE, BUT THE RESULTS ARE NOT IRREVERSIBLE. NOW IS THE TIME TO TAKE ACTION. THE FEDERAL GOVERNMENT HAS NEVER LED ON PUBLIC HEALTH ISSUES, BUT IT HAS THE OPPORTUNITY TO DO SO NOW. THE NEW TRANSPORTATION BILL CAN AND SHOULD BE A TOOL TO ENCOURAGE ALL AMERICANS TO ENGAGE IN ACTIVE TRANSPORTATION BY BIKING AND WALKING REGULARLY. STUDIES HAVE SHOWN THAT AS LITTLE AS 30 MINUTES OF MODERATE PHYSICAL ACTIVITY EACH DAY, EVEN WHEN



BROKEN INTO SHORT, 10-MINUTE INTERVALS, CAN LEAD TO SUBSTANTIAL HEALTH BENEFITS. AMERICANS CAN MEET THESE GOALS BY BIKING OR WALKING TO WORK, SCHOOL, TRANSIT, AND OTHER POPULAR DESTINATIONS. THIS ACTIVITY CAN REDUCE AMERICANS' RISK OF CHRONIC DISEASES, INCLUDING HEART DISEASE AND STROKE. BIKING AND WALKING ARE ALSO EXTREMELY BENEFICIAL FOR CHILDREN BECAUSE THEY CAN HELP REDUCE CHILDHOOD OBESITY AND TYPE II DIABETES RATES.

THERE IS SUBSTANTIAL EVIDENCE THAT PEOPLE ARE FAR MORE LIKELY TO BIKE AND WALK WHEN CITIES AND COUNTIES CREATE STREETS WITH QUALITY BICYCLE AND PEDESTRIAN FACILITIES. BIKE LANES AND WALKING ROUTES THAT CONNECT HOMES TO BUSINESSES, SCHOOLS, TRANSIT, AND RECREATIONAL AREAS ENCOURAGE PEOPLE TO BIKE AND WALK IN THEIR EVERYDAY LIVES. THESE FACILITIES ARE PARTICULARLY IMPORTANT FOR THOSE AMERICANS WHO ARE UNABLE TO DRIVE, INCLUDING CHILDREN AND THE ELDERLY. THEREFORE, IT IS CRITICAL THAT WE CREATE BICYCLE AND PEDESTRIAN FACILITIES THAT ALLOW ALL RESIDENTS – WHETHER 8 YEARS OLD OR 80 – TO FEEL SAFE AND COMFORTABLE BIKING. IN ADDITION, PEDESTRIAN AND CYCLIST SAFETY IMPORTANCE IS PARAMOUNT – ALTHOUGH WALKING AND BIKING ACCOUNT FOR ONLY 3.3% OF COMMUTE TRIPS, (THIS DOES NOT CONSIDER HOW MANY PEOPLE BIKE OR WALK TO SCHOOL, ACCESS TRANSIT, RUN ERRANDS ETC) IN THE U.S., YET 12.1% OF ALL TRAFFIC FATALITIES ARE PEDESTRIANS AND CYCLISTS. WELL-DESIGNED FACILITIES, INCLUDING DESIGNATED BIKE LANES AND CONTINUOUS SIDEWALKS, CAN GREATLY INCREASE SAFETY LEVELS FOR ALL USERS. INDEED, SIMPLY ADDING A SIDEWALK TO A STREET CUTS THE RISK THAT A DRIVER WILL HIT A PEDESTRIAN IN HALF.

CURRENTLY, CALIFORNIA IS DEVELOPING INNOVATIVE LONG-TERM SOLUTIONS TO TRANSPORTATION AND PUBLIC HEALTH ISSUES. INSPIRED BY SB 375, CALIFORNIA'S LANDMARK EMISSIONS REDUCTIONS LAW, PUBLIC HEALTH LEADERS, ELECTED OFFICIALS, LOCAL POLICYMAKERS, AND THE PUBLIC HAVE COME TOGETHER AND ARE INVESTING IN BICYCLE AND PEDESTRIAN INFRASTRUCTURE, REVITALIZE LOCAL ECONOMIES, AND INCREASE TRANSIT SYSTEM EFFECTIVENESS. OTHER STATES ARE SIMILARLY MOTIVATED TO ADDRESS THESE ISSUES. AS A WHOLE, HOWEVER, THE COUNTRY IS LOOKING TO THE FEDERAL GOVERNMENT FOR LEADERSHIP ON THESE ISSUES, AND IT NEEDS YOUR GUIDANCE MOVING FORWARD.

LOS ANGELES'S 30/10 INITIATIVE IS POISED TO BECOME A TRANSPORTATION FUNDING MODEL FOR THE NATION, AND MANY OTHER JURISDICTIONS WILL LIKELY FOLLOW LA'S LEAD WHEN PLANNING FOR FUTURE TRANSPORTATION PROJECTS. THEREFORE, IT IS CRITICAL THAT THIS FUNDING INITIATIVE AND THE NEW TRANSPORTATION BILL ENCOURAGE STATES AND CITIES TO ERECT MORE BIKING AND WALKING INFRASTRUCTURE. BY IMPROVING FACILITIES AND GIVING PEOPLE BETTER OPPORTUNITIES TO BIKE AND WALK IN THEIR DAILY LIVES, THE NEW TRANSPORTATION BILL CAN IMPROVE THE NATION'S HEALTH, REDUCE HEALTH CARE COSTS



Page 3 of 3

SIGNIFICANTLY, AND SAVE THE LIVES OF MILLIONS OF AMERICANS. WE ASK YOU TO CONSIDER THESE GOALS AS YOU DRAFT THE NEXT FEDERAL TRANSPORTATION BILL.

SINCERELY,

A handwritten signature in black ink, appearing to read "Alexis Lantz", is positioned above the typed name.

ALEXIS LANTZ
PLANNING AND POLICY DIRECTOR
LOS ANGELES COUNTY BICYCLE COALITION

**Statement of
The Natural Resources Defense Council
on
Improving and Reforming our Nation's Surface Transportation
Programs**

**Submitted for the Record
Los Angeles Field Hearing
Subcommittee on Highways and Transit
Committee on Transportation and Infrastructure
United States House of Representatives**

Wednesday, March 9th, 2011

Mr. Chairman and Members of the Subcommittee:

The Natural Resources Defense Council (NRDC) is pleased to offer this statement to the Subcommittee for the hearing on issues related to improving and reforming our nation's surface transportation programs.

NRDC is the nation's most effective environmental organization. Founded in 1970 by a group of law students and attorneys, we use law, science and the support of 1.3 million members and online activists to protect the planet's wildlife and natural places and to ensure a safe and healthy environment for all living things.

Background

Presidents Barack Obama, George W. Bush, Bill Clinton, and George H.W. Bush have each called for reductions in energy use and oil dependence. However, our overwhelming reliance on oil as a transportation fuel coupled with few economical and convenient alternatives to automobiles for moving people and goods have made America's oil dependence difficult to break. Nearly 70 percent of our national oil consumption occurs in the transportation sector, and passenger vehicles and light trucks account for more than 45 percent of U.S. oil demand.

This has a significant impact on the U.S. economy. In 2008, the US imported \$357 billion worth of foreign crude oil, equivalent to 2.3 percent of GDP. This was a major driver of our country's massive trade deficit, accounting for 16 percent of all import spending. Furthermore, every recession over the past 35 years has either been preceded by or concurrent with an oil price spike.

The impact of our dependence on autos and oil has broader impacts on our society. Auto commute times in metropolitan areas have risen steadily over recent decades. Between 1997 and 2007, the average annual mileage driven per capita increased by 7 percent. Americans now spend more time commuting than vacationing. Transportation costs have grown over the last few years, and are now the second highest expense for most American families. In highly automobile-dependant suburbs, transportation can consume as much as 25 percent of a household budget, compared to just 9 percent in neighborhoods nearby to public transportation.

Federal transportation policy is critical to our success in changing any of these trends. To cut our dependence on oil, the United States must embark on a comprehensive effort to both break oil's monopolistic grip on fuel for the light-duty vehicle fleet and open the market to vibrant competition among transportation options. The latter goal is where federal transportation policy can play a major role. Transportation choices are absent in many neighborhoods even though there are fiscally responsible measures that would facilitate their delivery to more consumers.

Especially with the struggling economy, persistently high unemployment, and gasoline and diesel prices starting to rise again, reducing oil dependence can yield significant benefits, including lowering the economic vulnerability that comes with volatile fuel prices. Decreasing oil consumption also enhances America's national security by reducing dependence on sources of oil that are politically unstable or controlled by unstable or hostile national governments. Lastly and not insignificantly, reduced oil consumption decreases both air pollution and the greenhouse gas (GHG) emissions that cause global climate change.

Policy Recommendations

NRDC respectfully offers the following suggestions for improving the environmental performance of our transportation system. We believe that these reforms are an essential part of a broader set of improvements that must be made to improve the overall outcomes yielded by our federal transportation policy and transportation investments. In addition to better environmental and energy performance, these outcomes include improving mobility and accessibility, supporting increased regional economic activity, creating more direct and indirect jobs, and lowering transportation costs for families and businesses, among others.

1. Develop and Implement Federal Policy Objectives for the Program with Clear Accountability for Achieving Them

A renewed transportation program should include a set of national policy objectives. Among other measures, these objectives should include:

- Reduced oil dependence
- Better air quality achieved by reductions in smog, soot and carbon pollution
- Improved water quality achieved by lower stormwater pollution runoff
- Better wildlife protection achieved by reducing habitat loss and fragmentation.

National objectives should be complemented by commensurate state and regional objectives, explicitly written into long-range plans and transportation improvement programs. To hold states and regions accountable for objective-setting and achievement, we must offer incentives in the form of preferential matching and special funding for projects and initiatives that comply with these standards.

As additional incentives for transportation officials, the new federal program should include large merit-based, competitive initiatives such as the TIGER program and the Administration's newly proposed Transportation Leadership Awards program. These programs will leverage federal investments by spurring virtuous competition and driving innovation and reform among a large pool of applicants.

2. Expand and Diversify Program Financing Options That Provide New Revenue and Support Oil Reduction

There is a broad consensus that the federal transportation program is underfunded. This yields several problems that pose a threat to the nation. First, maintenance and repairs have been deferred. Bridges, roads and transit lines are aging and desperately need fixing. In addition, the transportation system is incomplete. It includes a world-class interstate highway system but lacks adequate intercity transit links as well as public transportation networks and street grids in metropolitan regions.

To finance a transition to a less oil-dependent, cleaner transportation system that tackles these threats three kinds of tools must be used:

- New revenue-generating measures, specifically gasoline tax increases and increased tolling of facilities

- Financing mechanisms that leverage public investments, such as a federal infrastructure bank, public-private partnerships and merit-based, competitive programs that spur innovative, effective initiatives and projects

Expansion of the program, however, must be contingent on wholesale overhaul of the program to ensure that it is performance-driven, effective and efficient. A larger, better-financed transportation program should yield better outcomes including reduced oil dependence, lower air and water pollution levels, and reduced loss and fragmentation of wildlife habitat.

3. Reform Transportation Planning and Review to Accelerate Project Delivery and Promote Environmental Performance

Both the current federal transportation planning process and the project review process can improve the quality of a transportation project in important ways to better achieve mobility improvements, as well as economic development, environmental, health, and energy goals. However, unnecessary delay during the planning, design, and delivery of a sound transportation project harms taxpayers, the economy, and the environment, in addition to local mobility and access.

Some of the largest causes of delays in federally supported transportation project delivery are related to insufficient funding, project selection disagreements, and design challenges. On the other hand, delays related to environmental and preservation laws account for only a small share of total transportation project delays. In most cases delays from environmental review occur in the most complex and/or controversial projects, which often would result in significant unmitigated environmental impacts.

A new transportation authorization bill should include reforms to simplify the project development process and improve planning and project delivery. However, such changes MUST retain safeguards established by NEPA that are designed to protect the environment and ensure that the public has an adequate opportunity for involvement in their local transportation plans and decisions. In particular, reforms can be made to reduce duplicate processes, increase the effectiveness of initial planning and transportation project reviews, create incentives for timely project delivery, and focus resources on the most effective transportation investments and solutions.

Below are five principles for reforming the transportation planning and review process that environmental organizations feel would improve project delivery without compromising bedrock environmental review laws.

- Create new incentives for meeting project delivery time goals without imposing time limits on agency transportation project reviews
- Create new incentives for closer linkage between the transportation planning process and the project review process
- Increase the use of Mitigated Findings of No Significant Impact (FONSI) and Mitigated Categorical Exclusions (CE)
- Encourage greater design flexibility for transportation projects to avoid from the outset environmental impacts that would need mitigation
- Consider further steps to integrate transportation planning with project reviews, building on initial steps taken in SAFETEA-LU

Conclusion

NRDC appreciates the opportunity to submit testimony on behalf of our members concerning our mutual concern for how to reform the federal transportation program to deliver higher quality, safer, cleaner, more efficient, and more cost-effective transportation projects to taxpayers and communities across the country. We welcome the opportunity to further discuss our policy suggestions and their possible development and implementation with you and your staff. In so doing, we will maximize our ability to build critical transportation infrastructure that can create jobs, improve the economy, and reduce energy use and environmental impacts in a way that most effectively and efficiently serves the transportation needs of the American people.

Contact:

Deron Lovaas, Federal Transportation Policy Director
202-289-2384 (office)
dlovaas@nrdc.org



February 23, 2011

Honorable Barbara Boxer
 Chair, Senate Committee on Environment and Public Works
 410 Dirksen Senate Office Building
 Washington, D.C. 20510

Honorable John Mica
 Chair, House Transportation and Infrastructure Committee
 2165 Rayburn House Office Building
 Washington, D.C. 20515

**RE: Professional Engineers in California Government
 February 23, 2011 – Joint Field Hearing
 Improving and Reforming our Surface Transportation Programs
 to Support Job Creation and the Economy**

Dear Senator Boxer and Representative Mica:

The following written testimony is submitted on behalf of the Professional Engineers in California Government (PECG): PECG represents 13,000 state-employed engineers and related professionals. Included among their responsibilities are designing and inspecting California's state highways and bridges.

PECG is a founding member of the National Association of State Highway and Transportation Unions (NASHTU), which is a coalition of 38 unions and affiliates from 20 states and the District of Columbia representing hundreds of thousands of state and locally employed public transportation workers from throughout the United States. PECG and NASHTU are dedicated to ensuring that federal transportation dollars are spent on safe, cost-effective projects that serve the public interest.

PECG and NASHTU have sought two provisions in the surface transportation reauthorization designed to ensure that transportation projects are built safely and cost effectively. The first provision is encompassed in **H.R. 328 (Filner), which would require public employees to perform the construction inspection on federally funded state and local transportation projects** to ensure that the work performed complies with the plans and specifications, construction and seismic standards are met, projects meet safety requirements, and the materials used will stand the test of time.

HEADQUARTERS: 445 Capitol Mall, Suite 501, Sacramento, CA 95814 • (916) 448-0400
LOS ANGELES: 130 N. Brand Boulevard, Suite 301, Glendale, CA 91203 • (818) 500-9941
SAN FRANCISCO: 1 Sutter Street, Suite 800, San Francisco, CA 94104 • (415) 861-5720
TELEFAX: Headquarters (916) 448-0489; Los Angeles (818) 247-2348; San Francisco (415) 861-5360

Testimony Submitted for the Record
Professional Engineers in California Government
February 23, 2011 – Joint Field Hearing: Improving and Reforming our Surface Transportation
Programs to Support Job Creation and the Economy
Page 2

When the construction inspection function is outsourced to a private company, there is no longer a representative of the public inspecting the work as it is being performed. David M. Walker, the former Comptroller General of the United States from 1998 to 2008, described the issue in a 2007 *New York Times* article: **“There’s something civil servants have that the private sector doesn’t, and that is the duty of loyalty to the greater good – the duty of loyalty to the collective best interest of all rather than the interest of a few. Companies have duties of loyalty to their shareholders, not to the country.”**

Private contractors inspecting the work of other private contractors has resulted in many high profile disasters throughout the country, including Boston’s Big Dig (where a concrete slab from a tunnel ceiling fell and killed a woman), the Los Angeles Red Line Subway (Hollywood Boulevard collapsed), the 8-805 interchange in San Diego (10,000 defective welds on a seismic retrofit project), and many other projects. Outsourcing inspection threatens public safety, increases project cost and can delay project completion.

The second provision we would recommend for inclusion in the surface transportation reauthorization is a requirement that **state and local transportation departments perform a cost comparison analysis prior to outsourcing work.** In California, state budget numbers reveal that a Caltrans engineer costs the taxpayer \$113,000 (including salary, benefits and overhead) per year, while a private engineer performing the same function costs the state \$226,000 per year plus the cost of advertising and awarding the contract. Instituting this common sense provision in the reauthorization and **prohibiting outsourcing if it is more costly than having services performed by civil servants** will ensure that federal transportation dollars are spent cost effectively.

These two legislative proposals essentially mirror the Office of Management and Budget’s efforts to reign in federal government contracting. **The OMB guidance mandates that federal agencies use federal employees – not private contractors – on inherently governmental and critical functions and to perform a cost comparison prior to outsourcing.** To prevent the waste of federal dollars, **similar contracting guidelines should also apply to state and local government contracts paid for in full or in part with federal funds.**

Design-build procurement and so-called public-private partnerships, which have proven to waste transportation funds, eliminate competitive bidding, delay projects and allow private contractors to inspect and approve their own work without meaningful public oversight should also be discouraged.

Testimony Submitted for the Record
Professional Engineers in California Government
February 23, 2011 – Joint Field Hearing: Improving and Reforming our Surface Transportation
Programs to Support Job Creation and the Economy
Page 3

Design-build lumps design, construction, and sometimes inspection of a highway project into a single contract that is awarded not through competitive bidding, but through a process that allows subjective factors to be considered significantly more important than cost. In California, the design-build **State Route (SR) 22 project** added two lanes in each direction on a Southern California freeway. The project was to have been completed in late 2006, but work-related road closures were a weekly occurrence in 2007 and continued until the end of 2008. When SR 22 became a design-build project, the cost increased from \$271 million to \$606 million.

Design-build also typically allows the private contractor to inspect and sign off on their own work while the public agency performs an “oversight” function, frequently with another contractor. On-site inspection should not be performed by a private inspector whose primary obligation is to the success and profitability of his company or business partners – not public safety and project quality.

Despite major **public-private partnership (P3) disasters** across the nation, foreign, multi-national companies and Wall Street investment houses continue to use P3s to suck huge profits out of the transportation system while inflicting outrageous tolls on motorists through P3 contracts that typically forbid improvements to parallel public roads, increasing traffic congestion.

To date, California has authorized three major P3 projects. All three have been disastrous for taxpayers.

SR 91 Express Lanes – In 2002, the Orange County Transportation Authority had to buy out this public-private partnership tollway because of a non-compete clause that prohibited improvements on the non-toll lanes. Taxpayers were forced to “assume the turnpike’s debt of \$135 million and pay the company \$72.5 million in cash,” in large part because design-build increased the cost from \$57 million to \$130 million.

SR 125 (San Diego Toll Road) – In 2003, this public-private partnership toll road was supposed to cost \$360 million and be completed in 2006. Instead, costs ballooned to \$843 million and the toll road did not open until November 2007. Legislation in 2006 extended the tolls for an additional ten years to pay for cost overruns, requiring the public to pay the private owners “hundreds of millions of dollars in additional tolls,” according to California’s Department of Finance. Despite the bailout, SR 125 is now in bankruptcy and in default on hundreds of millions in federal TIFIA loans.

I have recently left my position as Vice President of the Los Angeles – ACEC due to economic reasons. Although I am not currently involved on the board of ACEC, I would very much like to have this e-mail read by the honorable Senator Boxer and others on the joint committee.

I am a principal in an SBE / WBE small business civil engineering firm. We are from what I hear in the national news – an essential part of the backbone of America and its engine for future economic growth. We are not a DBE firm as my hard working wife and president of the is not a registered engineer.

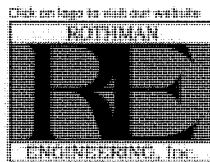
We have strong concerns that, locally – as soon as any federal money is identified as a funding source for any project, for the most part, small businesses such as ours are shut out of the teaming or set aside process. With this roadblock, we are not able to team as an SBE / WBE and grow as we would like – and as many political minded people seem to think we are doing at this time.

We ask that your bill have wording in it to support all small businesses MBE/WBE/SBE/DBE are treated equally and given the opportunity to participate in all federally funded projects.

In advance, I appreciate the opportunity to voice my opinion.

Roland Rothman, P.E.

Roland (Rolly) Rothman
Rothman Engineering Inc. SBE/WBE
205 South Broadway, Suite 206
Los Angeles, CA 90012
(office) 213-621-3155 ext. 201
(fax) 213-621-3105





March 9, 2011

Representative John Mica
 Chair, Committee on Transportation and Infrastructure
 U.S. House of Representatives
 Rayburn House Office Building, Room 2165
 Washington, DC 20515

Senator Barbara Boxer
 Chair, Committee on Environment and Public Works
 U.S. Senate
 Dirksen Senate Office Building, Room 410
 Washington, DC 20510

Dear Chairmen Mica and Boxer:

Thank you for providing this opportunity to contribute to the record for the Joint Field Hearing on Improving and Reforming our Nation's Surface Transportation Programs to Support Job Creation and the Economy.

To meet the nation's need for mobility during tough economic times, governments must work harder than ever to make the most of every tax dollar spent. With fewer federal transportation dollars available, **active transportation (walking and bicycling) investments stand out** because they can be completed at low cost, are highly popular and significantly improve mobility.

Bicycle and pedestrian investments are an extremely cost-effective way to manage most short trips of three miles or less that make up nearly half of the trips taken in America. We cannot afford for capital spending to pull in different directions, so federal transportation expenditures that create multiple benefits should be prioritized. Active transportation furthers mobility goals (greater safety, less congestion, better use of transit services) at the same time that it creates jobs and vital economies and reduces pollution and oil dependence.

In particular, increased investment in trails, bicycling and walking means :

- **Balance:** A recent national poll found that nearly three quarters of Americans feel they "have no choice but to drive as much as" they do, and two-thirds "would like more transportation options." Federal investment in active transportation provides greater travel choices for the public. Safe and convenient bicycling and walking facilities also enable us to make the most of public transportation investments by effectively increasing service areas and reducing travel times to transit services.

- **Jobs:** Design, engineering and construction of walking and bicycling facilities such as trails creates more good jobs per dollar than do other transportation projects, while keeping the profits closer to home.
- **Local economic development:** Trail and bicycling networks are a boon to local economies, resulting in increased tourism, property values and business activity.
- **Positive returns for federal budget:** Active transportation investments save the federal government money by reducing the need to build more expensive transportation infrastructure, cutting federal health care costs, creating jobs and increasing productivity.
- **Reduced oil dependence:** Automobiles are responsible for 40% of U.S. oil use. Cutting miles driven—and reduced congestion with fewer cars on the road—is among the best ways to manage our oil-related economic, environmental and security vulnerabilities. Shifting short trips to bicycling and walking could save 4 to 10 billion gallons of fuel each year. High gas prices can result from concern about marginal scarcity of oil, so even modest reductions in demand can help relieve upward price pressure.
- **Reduced pollution:** Shifting short trips to non-polluting modes reduces air pollution by even greater margins by eliminating cold starts, the most polluting part of the drive.
- **Human health:** Active transportation integrates increased physical activity into daily routines, the best way to ensure that more Americans meet the Surgeon General's recommendations for physical activity. The resulting reduction in obesity and other diseases associated with inactivity could save billions of dollars in health care costs each year.

Relatively modest federal investments in active transportation can leverage other resources to help realize these benefits. Core federal programs that deliver these benefits include Transportation Enhancements (TE), Safe Routes to School, and the Recreational Trails Program. Continuation of these programs-- with TE as a mandatory set-aside within the Surface Transportation Program-- is critical to the success of and public support for a new transportation bill.

In addition, innovative policy advances could enable even more strategic deployment of scarce dollars. In particular, building on the lessons of the Non-Motorized Pilot Program in SAFETEA-LU (section 1807), the Active Communities Transportation Act (HR 4722 in the 111th Congress) would provide concentrated investments to complete active transportation networks to shift trips to bicycling and walking. By building on past projects and strategically filling gaps in our systems, we can provide substantial mobility benefits for modest investment while at the same time delivering remarkable economic, health and energy benefits.

Sincerely,

Laura Cohen
Western Regional Director
Rails-to-Trails Conservancy



Written Statement for the Record

Gary L. Gallegos, Executive Director
San Diego Association of Governments
401 B Street, Ste. 800
San Diego, CA 92101

Before the Senate Committee on Environment and Public Works
and the U.S. House of Representatives
Committee on Transportation and Infrastructure

Improving and Reforming Our Nation's Surface Transportation
Programs to Support Job Creation and the Economy

February 23, 2011
8:30 a.m.

West Los Angeles Veterans Administration Campus

Thank you, Chairwoman Boxer and Chairman Mica for providing me with the opportunity to submit written testimony at this very important Joint Field Hearing. I look forward to working together with both Committees as we discuss the future of transportation policy. In light of the current economic situation facing many of our state and local governments, my testimony will focus on innovative federal-level financing for transportation infrastructure projects. I will highlight efforts to provide additional investment in corridors that facilitate goods movement, improve and streamline transportation programs, and identify the region's priorities for the next federal surface transportation authorization.

I am Gary L. Gallegos, Executive Director of the San Diego Association of Governments (SANDAG). SANDAG is a statutorily created consolidated agency serving the more than three million residents of the San Diego region. We serve as the region's federally designated Metropolitan Planning Organization (MPO), and we are recognized by the State of California as the Regional Transportation Planning Agency for San Diego County.

SANDAG responsibilities reach far beyond what is required by the federal government for an MPO. Most importantly, and unlike many of our Council of Governments and MPO colleagues nationwide, SANDAG has the authority to decide and direct where state and federal funding in the region will be used. Vesting this degree of authority within the regional planning agencies is what has helped SANDAG become so successful at moving infrastructure projects.

Innovative Financing: Leveraging Federal Resources

Despite the tough economic times that we are facing, the San Diego region has continued to invest in our infrastructure to keep it in a state of good repair and to ensure that our transportation investments not only create short- and mid-term jobs, but continue to support continued economic vitality in our communities over the long-term. In order to do so, the region's voters approved a half-cent local sales tax program known as *TransNet*. This funding

source has been instrumental for major infrastructure projects in San Diego County for more than two decades. The \$14 billion *TransNet* program will fund highway, transit, local streets, non-motorized, and other projects in San Diego County through 2048.

At the state level, California voters approved nearly \$20 billion for transportation investments in 2006. Proposition 1B included \$2 billion to improve California's trade corridors – ports, highways, freight rail, and border crossings – and an additional \$1 billion in funding for goods movement emission reduction projects.

While California and local regions have invested heavily in infrastructure, there remains a clear need for greater federal investment in transportation. In a time when we are focusing on doing more with less, federal financing programs, such as the Transportation Infrastructure Finance and Innovation Act (TIFIA), have become one of only a few methods available in this country to advance major transportation projects. The TIFIA program provides federal credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to finance surface transportation projects of national and regional significance. TIFIA credit assistance provides improved access to capital markets, flexible repayment terms, and potentially more favorable interest rates than can be found in private capital markets for similar instruments. TIFIA helps advance qualified, large-scale projects that otherwise might be delayed or deferred because of size, complexity, or uncertainty over the timing of revenues. Each dollar of federal funds can provide up to \$10 in TIFIA credit assistance - and leverage \$30 in transportation infrastructure investment.

In our region, SANDAG is pressing ahead with several important trade corridor improvement projects, including a third border crossing project in partnership with Caltrans. The new Otay Mesa East Port of Entry (POE) and its connecting highway, State Route 11, will help reduce

traffic delays at the existing San Ysidro and Otay Mesa POEs, and it will provide an alternative crossing for commercial traffic.

The need to improve our region's border crossing capacity stems from steady growth in global and regional economic integration. Our region is forced to squeeze people and goods through border infrastructure that was sized for a much smaller and significantly less security-conscious economy. The existing San Ysidro-Puerta Mexico POE is the busiest international land crossing along the U.S.-Mexico border. The Otay Mesa-Mesa de Otay POE continues to accommodate the third highest dollar value of trade among all southern border POEs. Northbound peak wait times at these existing facilities can routinely last for more than two hours for passenger vehicles, and commercial truck drivers have often logged four hours in line.

Our research shows that California loses \$3.9 billion per year due to these border crossing delays, and the lost economic opportunity in San Diego alone exceeds \$3.3 billion per year. The construction of this project is expected to provide 8,200 jobs in our region for a total of \$464 million in labor income. The San Diego region is the gateway for approximately 40 percent of containerized trade entering the United States, and the San Diego/Imperial border region hosts the third busiest border crossing in the United States.

The Otay Mesa East POE will be a major commercial portal for US exports (8.3 ~~million~~million export tons and 6.2 million import tons in 2007 moved across the current congested crossing). This POE will become an important trade gateway of national significance, but it is also a significant regional gateway, as Mexico is California's number one trading partner. California farm and food products are key exports; this Project will facilitate NAFTA trade and US exports in particular. This aligns the Project with the Administration's aggressive export promotion program as part of the nation's economic recovery plan.

Arguably, a new international border crossing is a federal responsibility. However, the traditional funding agency for border and other federal projects, the General Services Administration, does not have the resources to construct the necessary infrastructure to support the additional capacity. Yet trade is the fastest growing component of the San Diego regional economy. In our situation, we have a case where border users are willing to pay for timely travel across the international border, due to the value travelers place on time. With this in mind, SANDAG is working to provide the much needed infrastructure with minimal federal resources and will be able to do so only through the assistance of innovative programs such as TIFIA and tolling.

As partners with the federal government, we can work together to build projects that are in the best interest of our region, and more importantly, our nation. Metropolitan areas like San Diego are the economic engines of the nation. Our challenge is to compete and trade with other metro areas around the world for jobs, industry, and commerce.

The Region's Rail Lifeline: The LOSSAN Coastal Rail Corridor

The only viable rail corridor connecting the San Diego region to the rest of the national rail network is the coastal railroad corridor known as LOSSAN (Los Angeles-San Diego-San Luis Obispo Rail Corridor). The publicly-owned rail line, built in the early 1880s, is shared by intercity, commuter, and freight rail services, and delays in one area can often result in a "domino effect" rippling through to other parts of the corridor. The LOSSAN Corridor is the second of busiest intercity passenger rail corridor in the nation; it carries approximately 2.5 million passengers annually on Amtrak intercity trains, exceeded only by the Northeast Corridor.

SANDAG supports prioritizing the current federal high-speed rail programs to enable greater investments in existing high-speed intercity rail corridors with proven ridership. Ensuring the efficient movement of passengers and freight on this corridor relies on two key improvement programs: double tracking the rail line, and replacing and maintaining rail bridges and other

aging infrastructure. SANDAG is currently implementing several double tracking projects, bridge replacements, and other improvements to the LOSSAN Corridor; these are being funded by our *TransNet* local sales tax revenue program and partial state and federal revenues.

In addition to providing faster travel times for the COASTER commuter rail passengers within the region, these improvements will help better connect Los Angeles and San Diego – the two largest cities in the state of California, and respectively, the second and eighth largest cities in the nation. Current train travel time between San Diego and Los Angeles is 2 hours and 45 minutes, significantly slower than driving alone in the rush hour. Current California High-Speed Rail Authority (CHSRA) plans call for the Los Angeles – Inland Empire - San Diego segment to be the last corridor section to be built in the statewide high-speed train system, at a cost of approximately \$6 billion and with construction beginning no earlier than 2020, dependent upon funding availability.

Directing additional federal high-speed rail funding to the existing LOSSAN intercity rail corridor will allow for competitive train travel times at a cost significantly less than current CHSRA plans and at far less time than currently proposed. An investment of approximately \$800 million to expand track capacity in the LOSSAN Corridor, primarily in San Diego County, would allow a reduction in travel time by train from San Diego to Los Angeles to 1 hour 50 minutes, and this could be completed by 2016. These reduced travel times also can be accomplished with existing rolling stock and locomotives.

The LOSSAN Corridor and the new Port of Entry described above also are two critical trade connections that are part of a national goods movement system. The projects highlighted are among the many needed in California and in other states to ensure the movement of goods for our nation's economic well-being. Federal leadership is needed immediately to leverage the valuable investment made by state and local partners on these economically critical corridors.

Improving and Streamlining Transportation Programs

In addition to financing tools, we must look at ways to streamline the delivery of major infrastructure projects. I applaud the Administration's proposed "Every Day Counts" initiative and Chairman Mica's priorities for streamlining federal program and cutting red tape with the next authorization. There are several opportunities that exist to reduce project delivery time, while continuing to maintain and enhance the environment and quality of our projects. Like the adage, "time is money," it is widely known that the longer a project takes to build, the more costs are incurred. Through streamlining we can save millions, while focusing on delivering the project's benefits to the user. We should encourage partnerships and commitments between stakeholders and provide meaningful timelines for the environmental review and permitting processes.

SANDAG supports making permanent the Surface Transportation Project Delivery Pilot Program that was originally authorized under Section 6005 of SAFETEA-LU. The Program was created to determine whether delegating Federal Highway Administration (FHWA) responsibilities for the National Environmental Policy Act (NEPA) and for project-specific consultation and coordination responsibilities under other federal environmental laws would accelerate project delivery while maintaining federal environmental protection. California entered the Program in July 2007, and it has proven to be a cost-effective and efficient tool, while preserving the integrity of the environmental process. It saves time by eliminating project-by-project environmental review by the FHWA and by allowing the California Department of Transportation (Caltrans) to consult directly with federal resource agencies. In implementing the program, Caltrans developed rigorous quality control procedures, initiated an annual training plan for review by FHWA, and is subjected to periodic FHWA audits. In the first three years of Program implementation, Caltrans reports that the median timeframe for completing the

environmental process for routine environmental documents has been reduced between one and two years.

SANDAG also supports the creation of a new streamlined environmental review and permitting process for major transportation projects in metropolitan areas that are developed within the corridor right-of-way of an existing facility, previously certified to be in compliance with both state and federal environmental laws. A new program such as this would enable us to ensure we can make timely improvements to our existing highway and transit corridors to keep them in a state of good repair. It also would allow other enhancements, such as tolling and systems management, to be implemented within the existing footprint of a transportation facility. As with the NEPA delegation program, a new pilot program could be authorized in the next federal surface transportation act to allow metropolitan regions such as San Diego to test innovative ways to accelerate these types of "infill" transportation projects.

Priorities for Next Authorization: Focused Funding = Focused Results

Due to our region's proximity to the border there are many issues that we must contend with to ensure the free flow of goods and people across the U.S.-Mexico border. To help address these issues, SANDAG supports the continuation of certain focused funding programs, specifically the Coordinated Border Infrastructure (CBI) program prescribed under SAFETEA-LU, which provides dedicated funding for border projects in the region. From 2005 to 2009, CBI funding to border states totaled approximately \$833 million. The CBI program provided the region with an estimated \$109 million for State Route 905 connecting the region's existing POEs, the San Ysidro Intermodal Center, and to the Interstates 5 and 805 corridors, connecting the border region to metropolitan markets to the north. Continuation of the CBI program will enhance the economic benefits of trade that our land ports of entry have facilitated with Mexico. Importantly, the CBI program allows regions to address the challenges related to the facilitation of

international trade through our border communities, and ensure the federal government continues to be a partner in border-related transportation improvements.

Summary

The next federal transportation authorization should be a well-designed planning and funding program that ensures federal dollars are aimed at leveraging state and local investments, provides flexibility to respond quickly to changing economic and environmental conditions, and maximizes economic growth and competitiveness.

Earlier this month President Obama said, "To win the future, America needs to out-educate, out-innovate, and out-build the rest of the world." Prosperity and growth in the U.S. economy is linked to the ability and aptitude of our nation's cities and regions to adjust, develop, and deliver effective and competitive transportation programs. Our region serves as an economic driver that will be a critical to the success of our country.

On behalf of SANDAG, I thank you for the opportunity to submit written testimony at this Joint Field Hearing. SANDAG remains committed to working with the federal government and our state government to deliver high-caliber infrastructure projects to rebuild America. We strongly feel these investments and policy measures will put us on a path to economic recovery and prosperity well into the 21st century.



* 260 North San Antonio Road, Suite B * Santa Barbara, CA * 93110
 * Phone: 805/961-8900 * Fax: 805/961-9901 * www.sbcag.org

**Senate Environment and Public Works Committee
 House of Representatives Transportation and Infrastructure Committee**

**February 23, 2011 Field Hearing
 Los Angeles, California**

**Written Testimony of Jim Kemp, Executive Director
 Santa Barbara County Association of Governments**

I very much appreciate Senator Boxer and Congressman Mica and your staffs holding a hearing in southern California to seek input about the transportation needs of our particular region to assist in your deliberations toward enactment of a new surface transportation bill. It is important that the needs of all areas of the country are considered.

In 2008, Caltrans and transportation agencies throughout California worked together to reach a consensus on principles that will best serve our state and we believe need to be incorporated in the next federal transportation bill. The California Consensus Principles on Federal Transportation Reauthorization are as relevant today as when they were first drafted because the problems they seek to address have only become more acute during the intervening years.

The highest national transportation priority continues to be securing and stabilizing the integrity of the Highway and Transit Trust Funds. Without a predictable federal transportation revenue source, regional agencies like the Santa Barbara County Association of Governments will find it exceedingly difficult to develop the large scale transportation infrastructure improvements necessary to sustain and grow the national economy. While the recent ARRA stimulus funds provided a needed boost to state and local transportation programs, this one-time funding does not replace the need for sustained, multi-year investment that large projects require for delivery.

Our region has been working for more than a decade to identify, fund and construct solutions to address increasing traffic congestion on the US 101 in southern Santa Barbara County. The 101 freeway is the main economic artery for the entire central coast of California. As one of only two north south highways in California that connect the Los Angeles and Bay Area metropolitan regions it is a vital transportation link of state and national significance.

In 2008, Santa Barbara County voters passed Measure A with 79% support and agreed to tax themselves to pay for critical transportation infrastructure needs over the next thirty years. The highest regional priority in the Measure A Investment Plan is eliminating the sixteen mile long two-lane bottleneck on the US 101 Highway by widening the freeway. To match the public commitment of \$140 million in Measure A funds, the SBCAG Board of Directors recently approved a Measure A Strategic Plan that commits an additional \$150 million in STIP and RSTP funds to the 101 widening effort over the next ten years. The total cost of the project is estimated to be \$420 million, so Santa Barbara County taxpayers will contribute nearly 70% of the funds needed to improve this important federal highway. I believe it is entirely appropriate to expect our federal and state partners to contribute the remaining funds to help us finish this large project.

Members Agencies:

Buellton * Carpinteria * Goleta * Guadalupe * Lompoc * Santa Barbara * Santa Maria * Solvang * Santa Barbara County

The other counties in California's central coast that also rely on US 101 to sustain their local economies, San Luis Obispo, Monterey and San Benito County, have all joined with Santa Barbara County to form the Central Coast Coalition to raise awareness of the national importance of this highway. The agricultural products grown in this area provide produce to markets across the country and the military bases in the central coast need adequate support infrastructure to ensure their national defense mission.

The other California Consensus Principles represent a departure from the norm and will require new thinking about the federal government's role in transportation but they are focused on maximizing available revenue to ensure the highest priority regional transportation needs receive the federal funding they deserve.

I would like to focus my brief comments on two principles that are closely related: performance-based decision making and funding flexibility. According to the Transportation Policy and Revenue Study Commission, there are over 100 distinct federal surface transportation funding programs that are currently authorized. Each program represents a "silo" with its own narrowly defined objectives and set of rules and regulations that limit the types of projects that can be funded.

This model for the federal role in transportation is obsolete and creates many problems:

- It skews transportation planning and encourages states and local governments to chase after dollars that are available rather than making sound investment decisions and implementing the best solutions
- Complying with the tangle of regulations diverts resources and slows down project delivery
- Many projects are funded from multiple sources and creating a coherent funding plan which meshes these sources becomes an enormous challenge.
- Smaller jurisdictions—including some that I represent—are effectively shut out of most federal programs because they don't have the resources to manage these projects

In conclusion, I would urge that federal funding programs in the next surface transportation bill be designed to address broad policy goals: reducing congestion, goods movement, safety, reducing greenhouse gas emissions. Reduce the regulations and the number of programs and increase flexibility. Unfetter states and local governments and empower them to make sound decisions on the most effective strategies for meeting federal policy goals. And finally, hold us accountable for the use of these funds by establishing performance standards and focusing investments on outcomes. Federal programs should be designed to encourage desired results and to incentivize appropriate investments in transportation at the state and local level.

We value our partnership with the federal government and believe that there are national interests served by a continued strong federal role in transportation policy and funding. It is our hope that these interests will be better addressed through new thinking as Congress crafts the next surface transportation authorization bill.

If you have any further questions about this testimony, please do not hesitate to contact me at (805) 961-8900.

Sincerely,



Jim Kemp
Executive Director

**State Building and Construction Trades Council
of California**

ROBERT L. BALGENORTH
PRESIDENT

JAMES W. KELLOGG
SECRETARY-TREASURER

Chartered by
BUILDING AND CONSTRUCTION TRADES
DEPARTMENT
AFL - CIO

February 22, 2011

The Honorable Barbara Boxer
United States Senate
112 Hart Senate Office Building
Washington, D.C. 20510

RE: Joint Field Hearing of the House Committee on Transportation and Infrastructure
and the Senate Committee on Environment and Public Works

Dear Senator Boxer:

On behalf of the 350,000 members of the State Building and Construction Trades Council, AFL-CIO I write to express our strong support for continued federal funding for California's efforts to build the nation's first high speed rail system.

California is facing record unemployment that far outpaces the national average and the hard working members of the State Building and Construction Trades are among the hardest hit. Our members are experiencing an average of 35% unemployment that will only grow as this year progresses. California's high speed rail project is at its core a badly needed jobs program that is projected to create 160,000 construction jobs and, when fully operational, 450,000 permanent jobs. For every \$1 billion invested in high speed rail it is estimated that over 20,000 jobs will be created. Furthermore, the jobs created by investment in high speed rail will be good paying jobs that will help provide middle class livelihoods to the workers involved in the construction.

In addition to the obvious job creation benefits of this important project, the positive environmental impacts of a high speed rail system are extraordinary. The creation of a high speed rail system in California will eliminate 12 billion pounds of environmentally damaging emissions each year. This is the equivalent of removing one million cars from our roads. The immediate improvements in air quality that will result from this project are only now beginning to be understood.

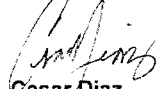
California leads the nation in terms of preparation and readiness to build a high speed rail system and to receive federal money to help with that construction. The passage of Proposition 1A in November 2008 provides \$9.95 billion in state funding for our high speed rail project. That Proposition also created a High Speed Rail Authority that is charged with overseeing the project and dispersing the funds to construct it. That authority operates with a full board, staff, and executive director and has already made the first critical decision about where to build the first leg of the system. With a state

funding guarantee and the High Speed Rail Authority in place California is poised to begin meeting its goal of creating a high speed rail system.

Unfortunately, there are policymakers throughout the country and in California who doubt that a high speed rail system can be built and that it is even necessary. Just last week, Governor Rick Scott of Florida turned down almost \$3 billion in federal funding to help begin building a high speed rail system in his state and admitted just today that he didn't even consult with his own Department of Transportation before making that terrible decision. While we believe that this is a shortsighted view to take, we stand ready to receive Florida's share of federal funds to use on our own high speed rail project. We believe that the time has come to look forward and create a mass transit system for the 21st century that will help create jobs and preserve our environment.

California needs this project for both the positive environmental impacts it will create and for the thousands of good-paying jobs that the state desperately needs. We urge you to help meet President Obama's goal of achieving a high speed rail system in our country that, we hope, will start in California. Please remember his goal as you discuss the future of the nation's surface transportation programs at your hearing Wednesday and throughout the year.

Sincerely,



Cesar Diaz
Legislative Director

CD:cmh
opeiu#29/afl-cio



**South Coast
Air Quality Management District**

**Testimony of Peter Greenwald
Senior Policy Advisor
South Coast Air Quality Management District**

**Joint Field Hearing of
The House Transportation and Infrastructure Committee &
The Senate Environment and Public Works Committee**

**Los Angeles, CA
February 23, 2011**

Chairman Boxer and Chairman Mica -

We wish to express our appreciation for your choice of Southern California as one of the stops on your listening tour. As a key international goods movement gateway for the nation, with a large and growing population, Southern California faces enormous surface transportation challenges. These challenges create impacts nationwide. Within those challenges lie opportunities to implement solutions that will benefit the nation in many ways. The title of the hearing, "*Improving and Reforming our Nation's Surface Transportation Programs to Support Job Creation and the Economy*," highlights the fact that surface transportation projects can be a major impetus for jobs and economic growth. Such projects can also, however, be a critical part of efforts to achieve efficiency, energy security and reduce pollution by moving the nation toward cleaner, domestic fuel sources, and away from imported fossil fuels.

The South Coast Air Quality Management District

The South Coast Air Quality Management District (AQMD) is the air pollution control agency for all of Orange County and the urban portions of Los Angeles, Riverside and San Bernardino counties. This area covers over 10,000 square miles and is home to almost 17 million residents. If our four-county region were a state, it would be the fifth most populous. With the largest port complex in North America, and several international airports, transportation plays an integral part in our lives, economy, and environment.

While the South Coast Air Basin has made substantial strides in reducing air pollution, the region still has the most unhealthful air in the nation, with serious public health impacts. Ozone and fine particulate pollution in the South Coast Air Basin causes over 5,000 premature deaths each

year, and hundreds of thousands of cases of asthma and other respiratory diseases. In addition to health impacts and health costs to our residents, higher costs are also faced by industry due to lost workdays and lower productivity.

Emissions from mobile sources such as cars, trucks, buses, trains, planes and ships are the primary cause of our air quality problems. Recognizing the impact of transportation, AQMD has worked closely with transportation agencies, ports and other stakeholders, locally and nationally, to find ways to modernize our passenger transport and goods movement systems so as to expand our economy, reduce congestion, and protect the environment.

Air Quality Challenges

Federal law establishes health-based National Ambient Air Quality Standards with enforceable attainment deadlines. In order to attain these standards in a timely manner, mobile source emissions in our region must be reduced substantially. By 2023, emissions of one key pollutant, nitrogen oxides, must be reduced by *over two-thirds beyond levels we expect to achieve with present regulatory programs and traditional technologies*. Further emission reductions will be needed in the 2030 timeframe. The tie to transportation is direct: mobile sources such as cars, trucks, locomotives and ships create 90% of nitrogen oxides emissions in our region.

The challenge of reducing mobile source emissions is one that will require collaborative solutions by many parties, including the federal government. Federal, state and local transportation agencies have a clear interest in ensuring air quality attainment, since sanctions (including cut-off of federal transportation funds) may be imposed if the region fails to meet its obligations under the federal Clean Air Act. Federal assistance is needed because state and local authority to regulate emissions from some transportation sources (such as locomotives) is restricted. And, as is described below, federal funding and policy support will be needed to develop and deploy the next generation of clean transportation infrastructure and technologies.

Recommended Policies

Emission reductions of the magnitude needed in our region will require deployment of clean energy technologies — for the vehicles we drive, the infrastructure we build, and the equipment we use to build them. To comply with federal air quality mandates, the region will need broad deployment in the 2023 to 2030 timeframe of zero and near zero emission transport equipment, such as vehicles powered by electric, hybrid electric and other clean energy technologies.

In addition to cleaning the air, deployment of clean energy technologies will serve important national interests such as energy security, avoiding energy price shocks, creating clean-tech jobs, allowing cargo growth that brings logistics jobs, fostering public support for capacity-enhancing transport infrastructure, and reducing greenhouse gas emissions.

Federal funding, policy, and regulatory support is needed for transportation infrastructure that enables, incentivizes and utilizes clean energy technologies. There is no doubt that we need to

invest in our aging infrastructure for a strong economy and a better quality of life. This should be viewed as an opportunity to invest in a manner that will simultaneously serve mobility, energy, economic, safety, and environmental needs, so that project benefits are magnified.

Federal surface transportation policies should address on-road, rail, passenger and freight in a coordinated fashion. Our entire surface transportation system is interconnected. Cargo travels from ship to truck to rail to truck. Commuter trains share tracks with freight trains. Trucks share highways with passenger vehicles. These circumstances can lead to safety risks, congestion, and pollution.

Consider, for example, the I-710 freeway – the major artery between the ports of Los Angeles and Long Beach to the south, and intermodal railyards and transload warehouses to the north and east. Every day, thousands of trucks share the I-710 corridor with passenger vehicles. A drive on the freeway surrounded by 18-wheelers can be claustrophobic if not frightening. There are serious congestion and safety problems, and diesel pollution from trucks causes significant health risks to people near the freeway.

But just as there are multiple problems resulting from the existing transportation system, there are projects that could provide multiple benefits. Many of these projects could serve as models for actions in other areas of the country. Below, we highlight three areas for federal action.

Key Projects & Programs Needing Federal Support

1. Dedicated I-710 Truck Lanes. A potentially groundbreaking project currently under development would create dedicated truck lanes along the I-710 freeway. Under one alternative, the truck lanes would be dedicated solely to zero-emission trucks. The project would improve freight velocity, reduce passenger vehicle congestion, improve safety, and greatly reduce emissions in a highly impacted area.

A variety of technologies are possible for zero- or near-zero emission trucks. One technology being considered for the I-710 would provide for hybrid-electric or all electric trucks powered from overhead catenary wires or electromagnetic coils in the roadbed. Such systems are being developed now, and could be installed in our region as a demonstration project to showcase how clean technology could work nationwide. Hybrid electric trucks could run on electricity while traveling in the I-710 truck lanes, charging their batteries at the same time. And when the trucks leave the electrified corridor, they could run either on electricity or conventional fuel.

The developers of these technologies, however, need a clear signal from the government that a market will exist that justifies their development costs. This should be done through federal incentives and regulatory policy.

2. Port Zero Emission Container Transport. A project similar to the I-710 is being considered by the Ports of Los Angeles and Long Beach to move containers to near-dock railyards about five miles north of the ports. Due to the critical nature of such projects for air quality attainment

and reduction of local health risks, AQMD has set — as a top priority for this year — commencement of a demonstration of a zero-emission container movement system by the ports. *Federal funding assistance for development and deployment of needed technology for such a demonstration would provide important impetus for the project.* This project could also be a model for swift, sustainable freight transport nationwide.

3. *Rail.* Other projects that would provide mobility, energy, economic and environmental benefits include incorporating electrified technologies into any expansion of our rail system — rather than using traditional diesel-powered locomotives. Electric rail is in use around the world today for both freight and passenger service.

In addition, shorter-term federal actions for rail are needed. Most importantly, we need to expedite routing of the cleanest diesel locomotives to areas with air quality challenges. The federal government should accelerate deployment to highly polluted areas of locomotives meeting U.S. EPA “Tier 4” standards. The railroads have demonstrated that such preferential routing of clean locomotives is feasible, and the ports of Los Angeles and Long Beach, as part of their efforts to “grow green,” have set acceleration of Tier 4 locomotives as a goal.

Conclusion

These are just some of the many clean technology and infrastructure projects that could benefit air quality while building our economy, reducing congestion, and maximizing mobility. These projects entail substantial capital expenditures, but they will provide long-term benefits to the nation. They will also support private sector interests, creating opportunities for public private partnerships.

Thank you for soliciting input from local stakeholders on the challenges we face. We look forward to working with you on surface transportation authorization legislation to help ensure that our nation’s transportation system is strengthened, jobs are created, and the environment is protected.



Statement for the Record of

Ann Mesnikoff
Director, Green Transportation Campaign
Sierra Club

Regarding

"Improving and Reforming our Nation's Surface Transportation Programs to
Support Job Creation and the Economy."

Joint Field Hearing
Committee on Environment and Public Works, United States Senate
Committee on Transportation and Infrastructure, United States House of
Representatives

Los Angeles, California
February 23, 2011

Introduction

I applaud the Senate Committee on Environment and Public Works and the House Committee on Transportation and Infrastructure for holding today's joint hearing on improving and reforming our nation's surface transportation infrastructure. Indeed, investing in and reforming our transportation infrastructure is critical to achieving two national goals: breaking our addiction to oil and creating jobs. By repairing and maintaining our crumbling infrastructure and providing Americans with transportation choices, we can reduce our dependence on oil and improve our economy.

Investment in transportation infrastructure is desperately needed.

Our transportation system is dilapidated and outdated. According to the Federal Highway Administration, more than 27% of the lane miles of the interstate highway system are in less than good condition and nearly 25% of our bridges are structurally deficient or functionally obsolete.¹

To help convey the crumbling state of our transportation infrastructure, last week Sierra Club released an updated interactive "Fix-it-First" map on our website that allows readers to see the condition of roads and bridges in each state.² Overall, 141,896 bridges—24% of the total bridges nationwide—12,730 miles of interstate highway—27% of all interstate highway miles—and 48% of other roads, or 145,071 miles of other roads, are in need of maintenance and repair.

In their "Report Card for America's Infrastructure," the Association for Civil Engineers graded America's roads as a D-, bridges as a C and transit as a D. To bring our infrastructure up to speed, the ASCE identified the need for a \$2.2 trillion investment in America's infrastructure over the next five years.³

Investment in our nation's transportation infrastructure is clearly necessary. In constrained financial times, repair and maintenance must be prioritized over building of new and unnecessary highways.

We were encouraged to see President Obama's proposed budget for Fiscal Year 2012, in which he outlined a transportation authorization that included a strong "fix-it-first" component.

Breaking our addiction to oil with transportation choices

¹ Federal Highway Administration. Highway Statistics. 2008. <http://www.fhwa.dot.gov/policyinformation/statistics/2008/hm64.cfm>

² Sierra Club. "Fix it First!" 2011. <http://www.sierraclub.org/transportation/fixitfirst/default.aspx>

³ American Society of Civil Engineers. "2009 Infrastructure Report Card." 2009.

Our addiction to oil has devastating consequences for our public health, economy and our wild places. Recently we have seen the damage inflicted on our environment from the BP oil spill in the Gulf of Mexico, the pain caused to drivers at the pump during gas price spikes, and the threat to public health caused by tailpipe emissions.

Today, the transportation sector is responsible for more than 70% of our nation's oil use.⁴ Nearly two-thirds of oil in the transportation sector is used by light-duty cars and trucks.

While strong fuel efficiency and emissions standards will make new cars increasingly more efficient, investments must be made to give Americans choices for how they travel between home, work, school and leisure. According to the United States Census Bureau, only 54% of Americans have access to public transportation. Those without access to public transportation remain shackled to the gas pump and susceptible to the squeeze of high gas prices, with no choice but to remain dependent on oil.

Oil dependence and lack of transportation choices also has a profound impact on the well-being of American families and the economy.

According to the US Census Bureau, transportation is the highest household expense behind housing for most American families, averaging 19% of family household budgets. For low-income families, this transportation costs surpass housing at 55% of the annual household budget. Meanwhile, Americans with access to good public transit spend only 9% of their annual household budgets on transportation.

Our dangerous oil addiction also drains over half a billion dollars from our economy each day to pay for foreign oil, posing a threat to national security.⁵ This is money that could be invested in local economies, but our oil-dependent transportation system and lack of other transportation choices forces Americans to send this money overseas to countries that are unstable or hostile to the United States.⁶

We need a transportation system that breaks our addiction to oil while providing transportation choices to all Americans.

Creating jobs through transportation investment

Investment in transportation infrastructure creates jobs. Millions of Americans have helped build, maintain and operate our network of roads, bridges and transit

⁴ Energy Information Administration. Annual Energy Review. 2009.

⁵ American Security Project and Sierra Club. "Ending Our Dependence on Oil." 2010. <http://americansecurityproject.org/wp-content/uploads/2010/10/Ending-our-Dependence-on-Oil.pdf>

⁶ American Security Project and Sierra Club. "Ending Our Dependence on Oil." 2010. <http://americansecurityproject.org/wp-content/uploads/2010/10/Ending-our-Dependence-on-Oil.pdf>

systems. Further investment in transportation infrastructure – both repair and maintenance and the construction of alternative modes of transportation, such as biking and walking – can create thousands of new jobs at a critical time.

Repairing and maintaining our current infrastructure creates more jobs than building new road capacity because it is more labor intensive and places money in the economy more quickly.

Similarly, investment in public transportation and other transportation alternatives can create more jobs than new road capacity. In an analysis of spending under the American Recovery and Reinvestment Act, Smart Growth America found that public transportation projects created nearly twice as many job hours per dollar invested as spending on new highway infrastructure projects.⁷

Investing in 21st century transportation infrastructure that provides transportation choices is key to both reducing our dependence on oil and in creating new jobs that will stimulate the economy and keep America competitive in the 21st century global economy.

Conclusion

Our nation's transportation system is at a crossroads – we can continue to fuel our addiction to oil or we can achieve transportation, climate, and public health objectives by planning strategically and prioritizing investment in low and no-carbon, oil-saving transportation choices.

We must invest in 21st century transportation infrastructure that breaks our addiction to oil and provides transportation choices to all Americans while putting the country back to work. We look forward to working with members of the Committees to achieve these goals.

⁷ Smart Growth America. What We Learned From The Stimulus. 2010.
<http://www.smartgrowthamerica.org/research/what-we-learned-from-the-stimulus/>



The Solution Team

STATEMENT OF

David St. Amant

President and Chief Operating Officer, Econolite Group, Inc.

Intelligent Transportation Society of America (ITS America), Board Member and Chairman of ITS

America's Campaign for Intelligent Transportation Solutions

BEFORE THE

House Committee on Transportation and Infrastructure, and the

Senate Committee on Environment and Public Works

HEARING ON

Improving and Reforming Our Nation's Surface Transportation Programs to Support Job

Creation and the Economy - Joint Field Hearing with the Senate

February 23, 2011

ECONOLITE **cegis** **ECONOLITE**

Amant Holdings de Mexico
S. de RL de CV

California
California

Team
Econolite

Safetran

3360 E. La Palma Avenue • Anaheim, California 92806 • Ph: (714) 575-6981 • Fax: (714) 639-7123
527 South Lake Avenue, Suite 103 • Pasadena, California 91101 • Ph: (626) 449-1196 • Fax: (626) 795-6402



The Solution Team

Senator Barbara Boxer, Chairman of the Senate's Committee on Environment and Public Works, and John Mica, Chairman of the House Committee on Transportation and Infrastructure, I am honored to join you today to discuss our Nation's next Surface Transportation bill and how this bill can help improve and reform our Nation's Surface Transportation Programs to Support Job Creation and the Economy.

At a time when governments at all levels are being asked to do more with less, investing in ITS technologies will ensure that our transportation system is safer, more efficient and user-friendly, and supports job creation and economic growth while getting more bang for the buck for our transportation dollars.

We cannot afford to simply build our way out of our transportation challenges. We need to **invest smarter** - using technology to connect transportation modes, expand traveler choices, improve traffic management, and keep our nation's infrastructure in a state of good repair. Technology is essential for getting the most out of our existing transportation network.

As we seek to transition to a more accountable, performance-based transportation system, ITS technologies are essential for providing accurate, real-time traffic and multimodal transportation system information to **measure performance**, as well as the tools to actively manage the transportation network to improve results.

State and local agencies that are considering new financing alternatives are increasingly turning to technology to **improve efficiency and user convenience**, from electronic tolling, smart cards and dynamic pricing systems to future alternatives like a VMT-based user fee that could vary by time of day, congestion level or other factors.

And high-tech **solutions are cost-effective** and quick to deploy. For example, smart traffic signals that change based on real-world conditions are returning \$40 to the public in time and fuel savings for every \$1 invested, reducing travel delays by 25 percent and CO2 emissions by up to 22 percent.

The Government Accountability Office (GAO) found the benefit-to-cost ratio of a nationwide real-time traffic information system to be 25 to 1, with a \$1.2 billion investment returning more than **\$30 billion in safety, mobility and environmental benefits**. In general, ITS-enabled operational strategies have been found to have a 9 to 1 benefit-to-cost ratio, more than 3 times that of traditional construction projects.

Recent studies have shown that investing in ITS technologies creates a network effect throughout the economy and **stimulates job creation** across multiple sectors, from the high-tech, automotive and consumer electronics industries to green jobs, engineering and telecommunications. The report also found that ITS investments provide a foundation for long-term benefits including government cost savings, economy-wide productivity, and an improved quality of life.



3360 E. La Palma Avenue • Anaheim, California 92806 • Ph: (714) 575-8981 • Fax: (714) 630-7123
527 South Lake Avenue, Suite 103 • Pasadena, California 91101 • Ph: (626) 449-1196 • Fax: (626) 795-6402



 The Solution Team

From cars that avoid crashes and Smart Highways that **reduce gridlock** to freight management systems, stress-sensing bridges and buses that provide real-time information to commuters, ITS technologies are here today.

As Congress works to reauthorize surface transportation programs, we need to do more to incentivize the deployment of these and other technology solutions instead of continuing to fund only ITS research.

The Smart Technologies for Communities Act, which is being introduced in the U.S. House of Representatives by Congressmen Mike Rogers (R-MI) and Russ Carnahan (D-MO), would establish several competitively selected model deployment communities for existing transportation technologies, which could also serve as real-world research and testing sites for advanced ITS solutions that are nearing deployment such as VMT-based user fees and a wireless communications system between vehicles that could help drivers avoid crashes.

The U.S. Department of Transportation estimates that this connected vehicle network could potentially prevent or mitigate the impact of 80 percent of unimpaired vehicle crashes, **saving thousands of lives** each year while providing significant mobility and environmental.

The Smart Technologies for Communities Act will advance the deployment of 21st century technologies that are vital for creating a safer, more efficient transportation system, spurring job creation, and improving our nation's economic competitiveness while generating a greater return on our transportation investment.

We hope you will consider including this initiative in the transportation reauthorization bill as one critical step toward modernizing our transportation system and helping the **U.S. reclaim its role as an innovation and economic leader.**

dstamant@econolite.com
714-630-3700 ext. 212

Statement for the Record
House Committee on Transportation & Infrastructure
Los Angeles, California Field Hearing
“Improving and Reforming our Nation’s Surface Transportation Programs to Support Job
Creation and the Economy”
February 23, 2011

Transportation, or inadequate access to transportation, has an impact on all regions of this country – rural, urban, and suburban. As the backbone of American infrastructure, transportation is vital to our economy. The Federal Surface Transportation Authorization Act (FSTAA) has proposed much-needed investment in the development and improvement of our aging transportation infrastructure. As we proceed, however, we must ensure that this significant investment moves us forward together rather than exacerbating existing inequity.

Equitable transportation increases the ability for people to support themselves and their families by providing access to good jobs, and it increases the workforce available to employers. Access to transportation also ensures that people can improve their health – by reducing traffic congestion and pollution, by improving access to a wider range of healthy food options, and by increasing access to medical care.

Funding for Transit Operations

We encourage you to allocate transit funding to operate transit systems across the country.

The nation and Los Angeles face major transit questions—as money gets tighter, some transit agencies are truly strapped, but MANY are choosing to invest in expanding capital projects instead of maintaining existing transit service. The Los Angeles Metropolitan Transportation Authority (MTA) is a perfect example of an agency that prioritizes multibillion dollar capital expansion over sustaining and expanding the existing bus system. On MTA’s chopping block are plans to cut **11 bus lines and truncate 16 lines** of which thousands will experience elimination of weekend and midday service and in many cases buses will run only once an hour. “Most of these cuts are concentrated in South Los Angeles, where a high number of Black and Latino, low income bus riders live,” said Esperanza Martinez, BRU organizer. These cuts come at the heels of the 388,000 hours of bus service cut by MTA last year!

Last year many cities across the country suffered cuts including but not limited to the firing of 1000 transit workers in Chicago, the elimination of 66 bus lines out of 133 in Atlanta and 34 bus lines eliminated in New York City and its boroughs. In 2009, over 97,000 transit workers lost their jobs because of massive cuts in bus and train service throughout the country and the numbers for 2010 are projected to be much higher.

Over the past year nearly 90 percent of transit systems have had to raise fares or cut service and among the 25 largest transit operators 10 raised fares more than 13 percent¹. As a direct result of these service cuts 97,000 transit workers lost their jobs in 2009 and by September 2010 an additional 78,000 jobs were lost.² In addition to the direct jobs lost by cutting transit service \$1 in service cuts resulting from operating deficits yields \$10 in local economic loss from lost wages and increased transportation costs.³ \$10 million invested in transit operations produces \$30 million in increased business sales. This 300% multiplier means both additional jobs in the local economy and increased sales tax revenues for state and local governments.⁴

Fortunately recent data demonstrates that funding transit, and especially transit service, not only helps address the most basic needs of low income communities but it is also one of the best forms of job creation and economic stimulus. A report by the Transportation Equity Network showed that if 20 metropolitan areas shifted 50% of their highway funds to transit they would generate 1,123,674 new transit jobs over a five-year period for a net gain of 180,150 jobs over five years all without a single dollar of new spending.⁵ More importantly, transit operations funding has proven to outperform investment in transit capital.

The Bus Riders Union and the Transit Riders for Public Transportation urges your leadership in the upcoming FSTA to secure funding for transit operations.

Bus Riders Union Opposition to the 30-10 Plan

We encourage you to not support the current 30-10 proposal being put forth by the MTA leadership. Through the 30/10 Initiative, LACMTA is asking to borrow \$8.8 billion from the federal government to accelerate 12 mass transit projects outlined in California's AB 2321 and the ½ cent county sales tax Measure R (both passed in 2008) and LACMTA's own 2009 Long Range Transportation Plan.

As you may know, the Bus Riders Union Title VI consent decree with LACMTA (1996-2006) redressed a pattern of civil rights harms to Los Angeles County bus riders -- who are 80% of the total LACMTA rider ship and 90% people of color -- caused by LACMTA's over-spending on rail construction and severe under-resourcing of the bus system. We believe the 30/10 initiatives threatens to repeat the very same civil rights harms from our previous lawsuit by front-loading

1 <http://t4america.org/resources/stranded/>

2 Industries at a Glance: U.S. Department of Labor Bureau of Labor Statistics

3 Orain & Associates, and Byrd, R. "Using Public Transportation to Reduce the Economic, Human and Social Costs of Personal Immobility" 1998

4 Cambridge Systematics, Inc & Economic Development

Research Group "Qualitative Analysis of Public Transportation's Economic Impact." 1999

5 Transportation Equity Network: More Transit = More Jobs

billions of dollars worth of rail construction through debt-financing at the expense of the bus system. We urge the federal government to reject LACMTA's request for billions of dollars in loans to accelerate this set of projects for the following reasons:

- **30/10 will gut the bus system, the backbone of public transit in LA:** With 80% of MTA's total boardings, the bus system is the backbone of the transit system. Yet 30/10 promises no concrete improvements to bus riders. This year, MTA has already implemented the second 20% fare increase in three years and plans to eliminate 388,000 hours of bus service -- amounting to an attack on bus riders whose average annual household income is \$12,000. MTA's 2009 Long Range Transportation Plan calls for continued bus service cuts and 14 fare increases over the next 30 years, supposedly necessitated by ongoing deficits in their bus operations budget. ***How can an agency claim it is consistently running deficits that require draconian fare hikes and bus service cuts while simultaneously claiming that its credit is so strong that it qualifies for a 30-year, \$8.8 billion loan?***
- **30/10 focuses on rail expansion despite its failed results.** A recent *Los Angeles Times* story ("Metro Rail to mark its 20th anniversary", July 23, 2010) cites two transit policy experts' opinion that MTA's \$8 billion investment in rail construction since 1985 has come at the expense of the bus system and driven down ridership, costing the agency at least 1.5 billion boardings in the period from 1985-2006. According to figures from the Federal Transit Administration, the MTA has fewer passengers in 2009—after \$8 billion spent to build 79 miles of rail -- than it had before rail construction began in 1986 even though LA County's population increased 20% in this time period. Rail construction in LA County is quite simply bad policy and a major borrowing scheme to continue it should be stopped in its tracks.
- **30/10 will drown the agency with debt**, exacerbating the already existing operations budget crisis. LACMTA already spends millions each year on paying off debt from past rail construction, money that could otherwise be spent on operating the bus system. What will happen when the MTA squanders 30 years of sales tax revenue into 10 years, and does nothing for the bus system in that period? Then when people come back in the 11th year, the 15th year, the 25th year, a new MTA board will say, "Whoever spent 30 years revenue in 10 years bankrupted the agency. We have no funds for operations, no funds to reduce fares, no funds to increase service, we are in a permanent spiral of service cuts and fare increases"-- until the MTA goes bankrupt altogether. We support deficit spending for hospitals, schools, and mental health clinics but not to reward boondoggle rail projects at the expense of the MTA's ridership.
- **Expanding mass transit funds, especially earmarked transit operations and bus capital funds, is an alternative.** We support a dramatic re-prioritization of funds from the federal surface transportation bill from highway to public transit—80% to transit and 20% to highways would be a perfect flip of the current formula. We also support a 50/50 split

between bus and rail in the federal expenditures, and a 50/50 split between capital projects (construction) and operations—drivers, mechanics, service increases, fare decreases. If the MTA would share the existing Measure R sales tax funds as they have pledged—giving at least 20% of those funds to bus capital and operations—and work with us to get 50% for rail and 50% in bus funding from Congress, we would be supportive of some of their plans. And in this case, MTA would not have to borrow from the federal government because additional federal funds would be available through the re-authorization of the surface transportation bill.

- **LACMTA cannot be trusted with this money—their track record demonstrates they WILL starve the bus system.** We know well from our 10-year civil rights court battle that even under federal supervision, LACMTA aggressively fought, delayed and/or fell short in virtually every aspect of bus expansion ordered by the courts. Given this long track record of disregard for the rights of mostly Black, Latino, Asian/Pacific Islander and “profoundly poor” (in MTA’s own words) bus riders *and* the striking similarities between today’s conditions and those that sparked our lawsuit, we can only assume that accelerating the Long Range Transportation Plan through such a loan will accelerate MTA’s attacks on those same bus riders.
- **LACMTA’s adversarial relationship with 500,000 bus riders.** Contrary to what the MTA may say, the BRU does not have an inherently adversarial relationship with the MTA. We reach out to them all the time with poor results. Sadly, it is the agency that has an adversarial relationship with 500,000 bus riders. This spring, bus riders testified they wanted a public hearing on the fare increase. The MTA flatly and repeatedly denied this basic request. People testify that they cannot afford – on a household income of \$15,000 or \$20,000 or \$25,000 for a family of 4 or 5 or 6 -- one or two bus passes with a monthly increase of \$13 or \$26. In response, the MTA Board and staff sit cold and heartless and say they have a budget shortfall after asking the same low-income people to pay ½ cent more in sales tax – now totaling 1 ½ cents on every dollar -- to the MTA. We ask the MTA to slow down some rail projects so they can build some rail and also expand the bus system. They refuse. It is in this context of contempt for their own customers that people see the MTA as a rail construction agency rather than a public transportation agency and why this request to the federal government for a loan on future revenues is at once cruel, bizarre, and fiscally irresponsible.

We look forward to working with you to ensure equitable investments in the next federal surface transportation act.

The Labor/Community Strategy Center and the Bus Riders Union

**U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**

*Improving and Reforming our Nation's Surface Transportation Program to Support Job
Creation and the Economy:
Los Angeles, California Field Hearing*

**Written Testimony of
Genevieve Giuliano, PhD.
Submitted for the Record**

**Director, METRANS Transportation Center
University of Southern California
And
California State University, Long Beach**

Vice President, Research Education and Training Reauthorization Coalition

Wednesday, February 23, 2011
Brentwood Theater, Los Angeles

On behalf of the Research Education and Training Reauthorization Coalition (RETRC) I welcome the opportunity to submit written comments to the House Committee on Transportation and Infrastructure. RETRC is a non-profit organization established by university transportation research centers throughout the US to promote federal support for research, education, training and technology transfer.

Our transportation system is critical to US long term economic health and global competitiveness, yet we are falling further behind each day in maintaining our system in good repair, solving capacity and other problems, developing and applying new technologies, and training the next generation workforce.

University research, education and training is the foundation on which new technologies and new solutions to transportation problems are built. It will not be possible to increase the efficiency of our transportation system or catch up to our competitors around the world without a strong and focused university research and development program. University research creates the new knowledge that results in more efficient system management, better strategies for public-private

partnerships, cleaner and more fuel efficient vehicles, and a host of other innovations. Universities train tomorrow's transportation industry leaders, and our most effective form of technology transfer is to get highly trained students into government and industry.

Despite the importance of transportation to the US economy and its people, relatively little is invested in transportation research and development. The University Transportation Center (UTC) program at the US Department of Transportation (USDOT) is the only federal *university* transportation research program, and it is currently funded at about \$76 million per year.

First established in 1987, the UTC program includes 60 centers at 120 universities. It is a program that represents a small investment with a large payoff. On average, UTCs generate \$3 in state and local dollars for every \$1 in federal funding, leveraging the federal investment into a \$228 million research and education program. Every year, these 120 universities graduate thousands of undergraduates and graduates who enter the transportation workforce with state of the art skills and knowledge. Every year, new knowledge is generated by faculty and researchers in many fields of engineering, business, planning, and management.

The UTC program is critical to the USDOT. Each UTC's program is aligned with one or more of USDOT's goals of ensuring safety, economic competitiveness, state of good repair, livability and sustainability. UTCs are accountable via stringent reporting and performance requirements, with the demonstration of tangible program outcomes among the most important.

UTCs are also critical to states and localities. The UTC program recognizes that local needs and conditions vary substantially from place to place. Local economic conditions, population characteristics, growth rate, climate, and a variety of other factors all have influence. The geographic range of UTCs enables them to contribute to local and regional problem solving, and the presence of federal funding provides an attractive match for fiscally constrained states and local governments.

Each UTC can point to numerous examples of how it has contributed to solving transportation problems and training the next generation workforce. Here are just a few examples from the METRANS Transportation Center. None of these accomplishments would have happened without the support of the UTC program.

Contributions in Research:

- *More efficient train scheduling methods for complex and congested rail networks.* As our freight rail system continues to increase traffic volume, more of the system approaches capacity, and more precise strategies for routing and scheduling trains are required.

- *Truck tolls for managing congestion and increasing safety:* Trucks contribute disproportionately to congestion in large metropolitan areas, and accidents are more frequent on congested highways. Truck tolls would reduce congestion and increase safety while generating funds for highway improvements.
- *Improving pedestrian safety in cities:* Pedestrians face many hazards in congested cities. By designing safe walking routes to school and safer pedestrian traffic and train crossings, more walking trips are encouraged.
- *More efficient operations for urban freight:* More efficient truck routing, chassis pools, extended terminal gate hours, truck appointment systems, and short sea shipping may reduce highway and terminal congestion and also reduce air pollution.

Contributions in Education and Training:

- *Global Logistics Specialist:* A training program for working professionals in international trade and supply chain management that has trained over 1,000 students, it is now offered online and as an international training program.
- *Goods movement short courses:* Training for public agency staff in goods movement planning and management; about 40 persons trained each year.
- *Transportation Systems Management certificate:* A certificate and field concentration for masters degree students in civil engineering, industrial engineering, urban planning, public policy, and public management.

As you gather information in these field hearings and develop the new surface transportation authorization, I urge that you consider the great value of the UTC program and continue its federal funding support. I am happy to meet with Committee Members to answer any questions or provide further information on the UTC program.

Respectfully Submitted



Vice President, RETRC

Hello, my name is Tami Friedrich. I am a Board member of Citizens for Reliable and Safe Highways (CRASH) and the California volunteer coordinator for the Truck Safety Coalition. I am also a resident of Corona, California. I have been involved with the Truck Safety Coalition since my sister Kris, brother-in-law Alan, niece Brandie, and nephew Anthony were all killed in a crash involving an overturned gasoline tanker truck. I am just one family member representative of the more than 4,000 people who lose their lives every year in truck related fatalities.

There are many areas of concern in the trucking industry that myself and the Truck Safety Coalition are concerned about and we urge Congress to act.

There is an effort to increase federal truck weights from 80,000 to 100,000 lbs. Not only do heavier trucks affect our roadways, they become much more dangerous. Heavier trucks will become even more deadlier than they are now. I hate for more people to have to suffer the trauma that my family has endured. The Truck Safety Coalition support the bi-partisan Safe Highways and Infrastructure Preservation Act (SHIPA) which would freeze truck weights on the national Highway System as well as retain the 1995 legislated freeze on longer combination vehicles (LCV's), triples and long doubles. There should be no exemptions or so-called pilot programs to allow heavier and longer trucks. So-called pilot programs seem to have no end and once one is granted it is more difficult to stop others from being passed.

Fatigue is a major safety problem and contributes to up to 40% of all fatal truck crashes. The new proposed hours of service rule helps to reduce the safety gaps in the current rule. Under the current rule truck drivers can drive 77 hours a week and work up to 84 hours per week, more than twice the normal 40 hour work of most working Americans. I urge Congress to allow the rule making process to proceed uninterrupted, and I urge the Federal Motor Carrier Safety Administration to issue a rule with a maximum of 10, and not 11, maximum driving hours.

The requirement of Electronic On-Board Records in all commercial motor vehicles will help to reduce truck driver fatigue by eliminating fraudulent paper log books and help to improve the hours of service enforcement. Truck drivers are often pushed to drive longer hours to get the job done. EOBR's will help to protect the safety of truck drivers and the motoring public.

Many of the factors that I have described above could have helped to prevent the crash that took my family's lives.

Thank you for allowing me the opportunity to speak to you today about such important safety issues.

Tami Friedrich

14131 Spruce Grove Court, Corona, CA 92880, 951-279-0676, tamitrakh@sbcglobal.net



Parents Against Tired Truckers and Citizens for Reliable and Safe Highways

Every year about 4,000 people are killed and 100,000 injured in large truck crashes. The Truck Safety Coalition (TSC) is the only nonprofit organization devoted solely to reducing the number of deaths and injuries caused by truck-related crashes and providing compassionate support to truck crash survivors and families of truck crash victims. We are a partnership between the Citizens for Reliable and Safe Highways (CRASH) Foundation and Parents Against Tired Truckers (P.A.T.T.), and we work together with truck crash victims and survivors to inform and update the public, policy-makers, and the media about truck safety issues crucial to improving truck safety laws and regulations. We urge Congress to act on the following issues:

Oppose Industry Efforts to Increase Federal Truck Weights from 80,000 to 100,000 lbs.

- Research shows that excessively heavy trucks are more deadly and more destructive. The numerous dangers intrinsic to heavy trucks include longer stopping distances, more loss of control crashes, and increased risk of rollovers.
- According to statistics from the U.S. Bureau of the Census and the Federal Highway Administration, increases in truck sizes and weights always result in more bigger, heavier trucks than before, not less.
- Allowing trucks weighing 97,000 pounds or more on U.S. roads and bridges would radically increase damage to highway pavement and bridges. Overweight trucks create a disproportionate level of damage to our roads and bridges, consistently documented in research studies conducted by the states, the federal government, and the National Academy of Sciences.
- The TSC supports the bi-partisan Safe Highways and Infrastructure Preservation Act (SHIPA) which would freeze truck weights on the National Highway System as well as retain the 1995 legislated freeze on longer combination vehicles (LCVs), triples and long-doubles.
- The TSC opposes any special interest exemptions or pilot projects to subvert federal weight laws, including S. 112 which would exempt Maine and Vermont and the Safe and Efficient Transportation Act (formerly HR 1799) which would undermine current federal standards.

Do Not Oppose the Proposed Hours of Service Rule.

- Fatigue is a major safety problem in the trucking industry. The National Transportation Safety Board (NTSB) found that driver fatigue is a factor in up to 40% of all fatal truck crashes. Revising the current hours of service (HOS) rule for truck drivers is essential to improving truck safety on our highways.
- The current HOS rule allows truckers to drive and work excessively hours with only minimal time off duty, contributing to driver fatigue and resulting in crashes. Under the current rule, truck drivers can drive 77 hours a week and work up to 84 hours a week, more than twice the normal 40 hour work week of most Americans.
- The Federal Motor Carrier Safety Administration (FMCSA) notice of proposed rulemaking (NPRM) takes corrective action to reform the current HOS rule which will result in making highways safer and reducing truck driver fatigue. Although the proposed changes in the NPRM would not produce an optimal HOS rule from the standpoint of safety, the NPRM remedies a number of the factual, scientific and legal problems that plagued the issuance and successive re-issuance of the current HOS rule.
- Previous cost-benefit analyses for the current HOS rule derived large economic benefits by eliminating the need for the trucking industry to hire over 60,000 drivers. The NPRM takes corrective action by limiting the maximum number of hours a trucker can drive and work and thereby restoring an estimated 44,000 trucking jobs to payrolls by reform of the current HOS rule.

Require Electronic On-Board Recorders in All Commercial Motor Vehicles.

- The TSC supports regulatory and legislative efforts to require electronic on-board records (EOBRs) in all commercial motor vehicles (CMVs), including the proposed rule issued by the FMCSA in January 2011.
- The U.S. Department of Transportation (DOT) and the National Transportation Safety Board (NTSB) have repeatedly cited driver fatigue as a major factor in truck crash causation. EOBRs which objectively document driving time and on-duty status will help reduce driver fatigue, eliminate fraudulent paper log books, and improve hours of service (HOS) rules enforcement.
- Paper logbooks, commonly referred to as "comic books" because they are widely falsified by truck drivers and their companies, are inefficient for truck drivers and trucking companies and ineffective for law enforcement.
- Currently, EOBRs are required in all European Union countries as well several countries in South America and Asia.

Increase Minimum Insurance Levels for Motor Carriers.

- Minimum levels of insurance for trucks and motor coaches have not been increased in over 30 years and are woefully deficient. Consequently, a very large portion of the damages and losses caused by the trucking industry is imposed upon the American motoring public.
- If the industry were to be required to absorb the losses it causes, there would be significant changes in the industry which would result in safer highways for all.
- In 1980, when Congress deregulated the trucking industry, it set the absolute minimum insurance level for motor carriers of property, persons, and hazardous materials at \$750,000, \$5,000,000 and \$5,000,000, respectively, and gave the Secretary of Transportation authority to increase amounts to achieve the intended purposes of providing compensation to truck crash victims and causing insurance companies to provide effective underwriting so that the insurance market would provide incentives for safe operations of motor carriers.
- The Secretary has never increased these bare minimums set by Congress, and these low amounts have provided less and less of an incentive over the years to operate safely and have become almost insignificant when compared to the damages caused by the huge trucks now allowed on our highways.
- The TSC urges Congress to direct the U.S. Department of Transportation (DOT) to begin a rulemaking on this issue and to increase insurance requirements every two years.

Issue Overdue Safety Standards on Rear and Side Underride.

- In an underride crash, a passenger vehicle goes partially or wholly under a truck or trailer, increasing the likelihood of death or serious injury to the passenger vehicle occupants. It is estimated that front, side or rear underride occurs in 50 percent of all fatal crashes.
- The TSC urges Congress to direct the DOT to require all trucks and trailers to be equipped with velocity-sensitive, energy-absorbing rear impact guards and side panels mounted lower to the ground (16 inches) to effectively protect car occupants from death and injury in rear and side impact crashes. Proven safety technology is available.

Reduce Speed Limits for Trucks and Require Speed Governors be set at no higher than 65 mph.

- High travel speeds increase truck stopping distances, which already are much longer than those of cars. A large truck going 75 mph takes approximately one-third longer to stop compared with one going 65 mph. (IIHS)
- Speed exacerbates the size and weight differences between large trucks and passenger vehicles, leading to more severe crashes. (IIHS)
- The European Union, Australia and Japan, among other countries, already require speed governors in large trucks.

Written Testimony

of

Dr. Geraldine Knatz

Executive Director

The Port of Los Angeles

on

**Improving and Reforming our Nation's Surface Transportation Programs to
Support Job Creation and the Economy**

February 23, 2011

Joint Field Hearing

United States House of Representatives

Committee on Transportation and Infrastructure

and

United States Senate

Committee on Environment and Public Works

**The Port of Los Angeles
Dr. Geraldine Knatz
Testimony**

The Port of Los Angeles (Port) appreciates this opportunity to provide written testimony regarding priorities and requirements for critical transportation infrastructure programs needed to bolster the nation's economy and create jobs. As we look at the Port, we see that over the decades, we've become more than a seaport -- we are a hub of intermodal transportation and commerce -- which is why this joint hearing is so important to us.

Whether it is by sea, highway or rail, we interconnect with the transportation networks that keep goods moving across the country. More than 95 percent of all goods entering the U.S. arrive by waterborne transportation, and the Port of Los Angeles is a major gateway for these international goods. Together with the Port of Long Beach, we are responsible for moving 43% of all U.S. inbound waterborne containers through our facilities and out to destinations across the nation. These containers are moved primarily on three freeways, two rail connections, and the Alameda Corridor. We are also known as "America's Port" because every congressional district in the U.S. either imports or exports goods through our Port Complex. Indeed, we have a saying at the Port: if YOU bought it, WE brought it. So in that context, any investment at the Port that improves the movement of goods is an investment that benefits the entire nation that depends so heavily on our services.

As America's premier port, we have a strong commitment to developing innovative, strategic, and sustainable operations that benefit the economy, as well as the quality of life, for the region and the nation it serves. We appreciated the title of this hearing, "Improving and Reforming our Nation's Surface Transportation Programs to Support Job Creation and the Economy," as the Port generates 919,000 regional jobs and \$39.1 billion in annual wages and tax revenues. On a national basis, our Port generates more than 3.5 million jobs. With far-sighted strategic planning, the Port sets the standard for its excellent facilities and financial stability. The Port is not tax supported; instead our revenue is derived from fees from a variety of shipping services, and our strong financial performance has been recognized with a AA+ bond rating -- the highest credit rating assigned to any U.S. seaport operating without taxpayer support.

The Port of Los Angeles is a national asset and we want to continue to be part of the national solution to the recent economic downturn. We are putting people back to work and doing our part to help President Obama meet his goal to double national exports over the next five years.

The Port of Los Angeles
Dr. Geraldine Knatz
Testimony

Container traffic at the Port of Los Angeles surged 16 percent in 2010, with a record number of exports. Port exports rose 10.3 percent in 2010 to 1,841,274 TEUs (twenty-foot equivalent units) compared to 1,668,911 in 2009 and surpassed the previous container export record of 1,782,502 TEUs set in 2008. Meanwhile, imports increased 12.8 percent in 2010 (3,973,933 TEUs) compared to 2009 (3,524,386 TEUs). The 2010 volume gains far surpassed our initial estimates, and we've been able to facilitate export opportunities in the past year through our Trade Connect Export Workshops that assist businesses throughout the region learn the basics of exporting, including costs, risks, finding overseas markets, trade financing and logistics. These workshops increased our networking with manufacturing and export businesses and we plan to continue that momentum as trade volumes grow.

This growth is good news – for us, and for the country. However, it doesn't mean we can simply sustain the status quo. This growth creates new demands on our infrastructure, requiring increased investments in port facilities, interconnecting road and highway systems, rail networks and investments in new technologies that increase efficiency and improve the movement of goods. There remain significant challenges to overcome, and it is in these areas that we hope the Committees, Congress, and the Administration can continue to demonstrate leadership in making strategic federal investments to support the Southern California Trade Corridor system and the local and regional solutions we are already implementing.

Two critical points I'd like to make:

1. Federal Funding for Transportation Related Projects at the Port: We realize how limited funding is, particularly for this year. We have managed to do more with less, but adequate infrastructure is crucial to our ability to help grow and sustain the Port's business and support one of the largest economic engines in California, and indeed, throughout the country. Financing port infrastructure is an investment in future national economic growth.
2. To simultaneously address existing transportation system inefficiencies, accommodate projected future traffic growth, and reduce emissions, the Port has expended hundreds of millions of dollars over the last ten years on crucial, intermodal transportation system projects of national significance. The Port is currently investing over \$1 million dollars a day in our Capital Improvement Program. These investments mean JOBS.

The Port of Los Angeles
Dr. Geraldine Knatz
Testimony

Transportation infrastructure at the Port includes sea, land and rail:

1. Main Channel Deepening: While we realize the focus of this hearing is *surface transportation*, all three modes are integrally tied to the goods movement and the creation of jobs at the Port, and we must address our immediate need for federal help with the Main Channel Deepening. This project to deepen the channel to -53 feet was started in 2002 and is necessary to keep up with investments being made abroad – in Canada, Mexico and Panama - to compete for the newest class of container ships. Because of environmental and legal challenges the project was delayed for 5 years and during that time period our project costs went up. The total project cost is now \$378.7 million, Port-share \$314.4 million and federal share \$64.3 million. As a result, the cap of the initial WRDA authorized federal share needs to be increased by \$3.6 million and the Port will be investing an additional \$112.4 million, which will complete the project. Since we have already started the project and expect it to be completed by 2012, this is an urgent request.
2. TIGER II GRANT for West Basin Railyard: The Port was the recipient of the TIGER II Grant in the amount of \$16 million dollars to accommodate the increased loading of trains at the Port and reducing 1,150 daily truck trips to and from off-dock railyards. The project will provide 2,000 construction jobs, sustain 318,000 new trade-related jobs for the region and generate \$1 billion in annual state revenues by 2030. We understand that this project, along with many other TIGER II grant recipients, is jeopardized by the threat of rescission of funding from the FY 2011 Continuing Resolution. We urge opposition of that amendment and ask that the Committee do everything in its power to keep the federal commitment to this grant obligation.
3. South Wilmington Grade Separation: This project is an essential element to improving the safety of Port's transportation infrastructure that will eliminate a conflict between vehicles, trucks and trains. This vital highway project that will provide a key grade separation of a rail line that connects to the Alameda Corridor, and will provide for better access for trucks to the I-110 and Harry Bridges Boulevard, a National Highway System Intermodal Connector Route. The I-110, SR 47, and I-710 (via the Gerald Desmond Bridge) carry approximately 30% of all U.S. containers. The total project cost is \$73 million and the Port has already secured funding for approximately \$41 million, and is in need of roughly \$32 million in federal funds.

**The Port of Los Angeles
Dr. Geraldine Knatz
Testimony**

4. I-110 Connectors Program, I-110 NB / C Street Interchange (C Street Project): This project improves a poorly operating arterial interchange connection to the I-110 at C Street. It will create a new, direct connection to Harry Bridges Blvd., a National Highway System Intermodal Connector and major arterial for port traffic. The I-110 carries 10% of all U.S. waterborne container volume. The C Street Project will create 1,540 full-time employment one-year jobs and sustain 318,000 new trade related jobs. The total economic one-time benefit will be approximately \$193 million in economic output; creating \$63 million in wages; \$5.31 million in state taxes; \$0.88 million in local taxes; and the regional improvements will sustain \$1 billion in annual state revenue by 2030. The total project cost is approximately \$29 million and the Port has already secured \$18 million in funding. We require \$11 million in federal funds.

To support the local and regional efforts of the Port of Los Angeles, Port of Long Beach, and our regional partners throughout Southern California and the nation, we would recommend that Congress take bold action. We urge Congress in the next authorization of a new federal surface transportation bill to directly address the needs of international gateways, including major ports, and freight and trade corridors. We have supported the efforts of our association partners such as the American Association of Port Authorities (AAPA), the American Association of State Highway and Transportation Officials (AASHTO), the West Coast Ports Collaborative, and the Pacific Maritime Shipping Association (PMSA), as well as our Southern California regional partners in proposing key provisions for the next surface bill including:

Establish a national transportation vision and planning framework:

For nationally important trade corridors, it is essential that we have a national vision and corresponding organizational changes and funding levels, including establishment of a national multimodal freight focus within the Office of the Secretary. The U.S. needs to have a national strategy on transportation. Canada has done this well and if we don't plan for a national strategy, they will take our cargo away.

**The Port of Los Angeles
Dr. Geraldine Knatz
Testimony**

Integrate freight infrastructure policy with national trade policy as well as environmental policy:

Central to a viable United States trade policy, is the investment in transportation infrastructure supporting our national system of ports and system of trade corridors. We are pleased that the Departments of Commerce and Transportation have entered into an MOU to facilitate a closer working relationship. This should be a first step followed by the linkage of trade policy development with focused and strategic investments in transportation projects in order to facilitate exports of America's goods and enhancing our global competitiveness.

The U.S. Department of Transportation should also establish coordination protocols with the U.S. Environmental Protection Agency and U.S. Department of Energy to ensure simultaneous and continuous investments in freight related infrastructure and environmental programs targeted to reducing emissions from containerized ships, railroad engines, and trucks. We need to look at new technologies like all electric or hydrogen fuel cell hybrid electric trucks and rail electrification strategies using existing right of way. The added benefit of this coordination could lead to expedited environmental approval and development of nationally important projects like those planned for the San Pedro Bay Port complex.

Institute fundamental changes to existing federal transportation planning and funding systems:

Congress should consolidate the existing 108 federal programs into 10 multimodal and strategic programs, and utilize performance/merit-based project selection to maximize the return on federal dollars in these tough economic times.

Implement a new federal funding account dedicated to the investment in freight related infrastructure, with priority allocations to projects of national significance:

The new program should select projects through merit-based criteria that identify and prioritize projects with a demonstrable contribution to national freight efficiency. Priority funding

**The Port of Los Angeles
Dr. Geraldine Knatz
Testimony**

allocations should be directed to projects of national significance and regional significance.

Ports should be eligible to receive funds in two manners: 1) a direct payment by formula to individual port authorities, and 2) a discretionary grant program awarded at the federal level for larger projects of regional and national significance.

Direct Payment: Formula funding directly to the Ports provides a reliable source of revenue for infrastructure modernization, infrastructure maintenance, and projects to mitigate environmental impacts of transportation related activities. Ports have extensive experience with bond financing and public-private partnerships, and should be allowed to use formula funds as capital for innovative financing to better leverage the federal investment in our port-related infrastructure.

Discretionary Grants: Most major port-related freight movement projects that alleviate congestion and promote efficiency cross intrastate and interstate jurisdictions. Project costs can be high and benefits widely diffused. We believe projects with significant regional and interstate impacts should be approved for funding comprehensively at the federal level based on criteria that consider economic, environmental, congestion mitigation and safety benefits. We support a federal awarded discretionary grant program that can be used to fund a genuinely national freight policy.

Expanded Eligibility and Set-Asides: The Port supports modifying eligibility requirements to allow our participation in key surface transportation programs. Within the range of historic surface transportation programs, port and/or freight projects have often not been considered eligible for funding, or have not been prioritized for federal funds by state and local officials.

Eligibility: Provide for expanded eligibility of port-related freight and intermodal projects under Title 23 of the US Code, specifically under the Surface Transportation Program, Congestion Mitigation and Air Quality (CMAQ), and TIFIA programs.

Reliable Funding: The Ports also propose that where practicable port and intermodal projects should receive a required minimum level of funding or set-aside under key

**The Port of Los Angeles
Dr. Geraldine Knatz
Testimony**

surface programs. State and local transportation improvement plans should include a freight component.

Increase funding for Section 1301, Projects of National & Regional Significance (PNRS), focusing on already identified projects and new nationally important mega-projects:

Several components of the Southern California trade corridor are identified within the PNRS program: I-710 corridor, the Gerald Desmond Bridge, and the Alameda Corridor East. Funding for these projects of regional and national significance should be significantly increased in the next authorization bill.

Incorporate Regulatory Reforms to Facilitate Expedited Project Delivery:

There appears to be an evolving consensus among key transportation agencies on a range of federal regulatory reforms to assist to bring projects online quicker. Examples of these federal regulatory reforms include the following: (a) extend the NEPA delegated authority provided for by SAFETEA-LU; (b) provide for universal "pre-award" spending to state and local agencies, including port authorities; (c) remove redundant steps in the environmental review process; (d) establish specific deadlines for key regulatory decision points and if federal agencies do not meet the deadlines, the project requirement would be deemed approved; and (e) establish a Department of Transportation grant program supporting innovative contract management.

The Port has made significant investments to improve air quality, support clean fuel programs, and to fund technology programs to help achieve our environmental goals. We cannot afford to lose ground. On the environmental front, we recommend that Congress support funding for programs that will sustain efforts to green the freight industry. Specifically, we recommend that Congress support funding for the Diesel Emissions Reduction Act (DERA) and for transportation electrification programs, such as those enacted in last year's Energy Independence Act and funded in the stimulus.

**The Port of Los Angeles
Dr. Geraldine Knatz
Testimony**

Conclusion

Southern California is America's trade corridor. Being America's number one trade corridor means significant challenges for the region's environment and infrastructure. While the Port and our regional partners have made significant strides in dealing with these challenges, continued federal funding and policy support for the Southern California trade corridor is necessary to keep America competitive.

Betsy A. Lindsay, President/CEO, UltraSystems Environmental

Make an Historic Investment in and Reform of Surface Transportation. Because the President recognizes the importance of a modern transportation infrastructure to the growth and competitiveness of the economy, the Budget proposes a historic six-year surface reauthorization package. Adjusted for inflation, this investment represents an increase of about \$35 billion per year, or 60 percent on average, over the previous six-year authorization period. The proposal also seeks to reform how these Federal transportation dollars are spent so that they are directed to the most effective programs and projects. It will give States and localities added flexibility while holding them accountable for performance and make Federal funding decisions based on more sound and inclusive transportation plans. The plan provides a \$50 billion funding boost in the first year to spur job creation when we need it most, and to lay a foundation for future economic growth through greater and safer transportation choices for Americans and increased business development in communities. Finally, transportation programs are reformed to increase accountability and efficiency and deliver cost-effective infrastructure projects. Specifically, the plan will:

- *Invest in High Speed Rail.* The Administration's reauthorization provides \$53 billion over six years to continue construction of a national high speed and intercity passenger rail network, putting the country on track toward a system that gives 80 percent of Americans access to high-speed rail within 25 years. This proposal will connect communities, reduce travel times and congestion, and create skilled manufacturing jobs that can't be outsourced. And, for the first time, it will place high-speed rail on equal footing with other surface transportation programs.
- *Leverage Our Investments Through a National Infrastructure Bank.* The Administration's six year plan would invest \$30 billion to found a National Infrastructure Bank (I-Bank). The I-Bank would leverage this Federal investment by providing loans and grants to support individual projects and broader activities of significance to our Nation's economic competitiveness. For example, the Bank could support improvements in road and rail access to a West Coast port that benefit farmers in the Midwest, or a national effort to guarantee private loans made to help airlines purchase equipment in support of the next generation air traffic control system (NextGen). A cornerstone of the I-Bank's approach will be a rigorous project comparison method that transparently measures which projects offer the biggest "bang for the buck" to taxpayers and our economy. This marks a substantial departure from the practice of funding projects based on more narrow considerations.
- *Provide "Transportation Leadership Awards" to Spur Smart Reforms.* The Administration's six-year reauthorization plan would dedicate nearly \$32 billion for a competitive grant programs designed to create incentives for State and local partners to adopt critical reforms in variety of areas, including safety, livability, and demand management. Federally-inspired safety reforms such as seat belt and drunk-driving laws saved thousands of American lives and avoided billions in property losses. This initiative will seek to repeat the successes of the past across the complete spectrum of transportation policy priorities. The Department will work with States and localities to set ambitious goals in different areas – for example, passing measures to prevent distracted driving (safety) or modifying transportation plans to include increased transportation options that cut commuting time, ease congestion, reduced oil consumption, lower greenhouse gas emissions, and expand access to job opportunities and housing that's affordable (livability). Funding decisions will also be tied to the adoption of reform.
- *Adopt A "Fix It First" Approach for Highway and Transit Grants.* Key elements of the nation's surface transportation infrastructure —our highways, bridges, and transit assets —fall short of a

- state of good repair. This can impact the capacity, performance, and safety of our transportation system. The Administration's reauthorization proposal will underscore the importance of preserving and improving existing assets, encouraging its government and industry partners to make optimal use of current capacity, and minimizing life-cycle costs through sound asset management principles. Accountability is a key element of this system: States and localities will be required to report on transportation condition and performance measures.
- *Invest In More Livable and Sustainable Communities.* A livable community is a place where coordinated transportation, housing, and commercial development give people access to affordable and environmentally sustainable transportation. The Administration's reauthorization proposal puts forth a transformational policy shift to achieve more livable and sustainable communities through increased investments in transit, a new livability grant program in the Federal Highway Administration and the Federal Transit Administration, and a competitive livability grant program for States and localities to deliver on sound, data-driven, and collaboratively-developed transportation plans. This will be coordinated through the Administration's multi-agency Partnership for Sustainable Communities.
- *Consolidate Highway Programs.* The Administration's proposal would consolidate over 55 duplicative, often-earmarked highway programs into five streamlined programs. This would give States and localities greater flexibility to direct resources to their highest priorities. In the interest of taxpayer value and accountability, that flexibility will come with reformed requirements on States to establish and meet performance targets tied to national goals and to move towards rigorous cost benefit analyses of major new projects before they are initiated.
- *Ensure that Any Surface Transportation Plan is Paid For.* The current framework for financing and allocating surface transportation investments is not financially sustainable, nor does it adequately or effectively allocate resources to meet our critical national needs. The President is committed to working with Congress on a bipartisan basis to ensure that funding increases for surface transportation do not increase the deficit. In order to encourage all parties to work together to enact such a solution, consistent with the recommendation of the National Commission on Fiscal Responsibility and Reform, the Budget proposes to make all programs included in surface transportation reauthorization subject to PAYGO (i.e., outlays classified as mandatory). This is intended to close loopholes in budgetary treatment and support the important goal of generating broad, bipartisan consensus for a fiscally responsible plan.

Modernize the Aviation System. The Budget provides \$1.24 billion for the Next Generation Air Transportation System, the Federal Aviation Administration's multi-year effort to improve the efficiency, safety, and capacity of the aviation system. This will help the country move from a national, ground-based radar surveillance system to a more accurate satellite-based one which will result in the development of more efficient routes through airspace. This, in turn, would allow more planes to fly, reduce delays, save fuel, and improve overall safety. To assist those airports that need the most help, the Administration proposes to focus Federal grants to support smaller commercial and general aviation airports that do not have access to additional revenue or other outside sources of capital and reduce grants for larger airports. At the same time, the Budget would allow larger airports to increase non-Federal passenger facility charges, creating the flexibility to generate their own revenue as they see fit.

Bring Next-Generation, Wireless Broadband to All Parts of the Country. The advances in wireless technology and the adoption of and reliance on wireless devices in daily commercial and personal life have been dramatic. High-speed, wireless broadband is fast becoming a critical component of business operations and economic growth. The United States needs to lead the world in providing broad access to

the fastest networks possible. To do that, however, requires freeing up underutilized spectrum currently dedicated to other private and Federal uses. To that end, the Budget proposes legislation to provide authority for “voluntary incentive auctions” that will enable spectrum licensees to auction the rights to use their spectrum in return for a share of the proceeds. This step is critical both for reallocating spectrum and re-purposing it over the coming decade to greatly facilitate access for smart phones, portable computers, and innovative technologies that are on the horizon. Voluntary incentive auctions, along with other measures to enable more efficient spectrum management, will generate more than \$28 billion over the next 10 years, providing funds that will enable us to:

- Build an interoperable wireless broadband network for public safety that would allow for seamless use by first responders across the country and reserve additional spectrum for public safety use.
- Expand high-speed, wireless broadband to rural America, complementing the Federal Communications Commission’s reform of its Universal Service Fund.
- Establish a Wireless Innovation Fund to accelerate the research and development of cutting-edge wireless technologies and applications.

Taken together, these investments will give more Americans access to the data networks that will be central to future economic growth and job creation. And nearly \$10 billion of the funds generated from spectrum reallocation will be used for deficit reduction.

Invest in Modern Electricity Delivery Infrastructure. The Budget continues to support the modernization of the Nation’s electrical grid by investing in research, development, and the demonstration of smart-grid technologies that will spur the transition to a smarter, more efficient, secure and reliable electrical system. The end result will promote energy- and cost-saving choices for consumers, reduce emissions, and foster the growth of renewable energy sources like wind and solar. In addition, the Budget supports the Power Marketing Administration to reliably operate, maintain, and rehabilitate the Federal hydropower and transmission systems.

Invest in Water Infrastructure. The Budget provides funding of \$1.5 billion for construction work by the Corps of Engineers for projects with high economic returns, dam safety work, projects that address public safety needs, and those that restore significant aquatic ecosystems. The Budget also supports increases in receipts to help pay for additional investments in the inland waterways. The Budget reflects an Administration emphasis on reliability and safety of existing Federal water resources infrastructure, and gives priority to the operation and maintenance of key projects that contribute to our national economy, such as the inland waterways with the most commercial use and the major coastal harbors and their channels. The Budget provides funds for the Bureau of Reclamation to advance water conservation activities and efforts to bring reliable water supplies in Western States. The Budget also provides \$2.5 billion total for the Environmental Protection Agency’s (EPA) Clean Water and Drinking Water State Revolving Funds (SRFs). As part of the Administration’s long-term SRF strategy, EPA is implementing a Sustainable Water Infrastructure Policy that focuses on working with States and communities to enhance technical, managerial, and financial capacity. For the Department of Agriculture’s water and wastewater grants and loans, the Budget proposes a \$1.2 billion program level to maintain assistance for water infrastructure in rural America.



Joint Field Hearing of U.S. Senate Committee on Environment and Public Works & House Committee on Transportation and Infrastructure

“Improving and Reforming our Nation’s Surface Transportation Programs to Support Job Creation and the Economy”

Written Statement of Los Angeles Coalition for the Economy and Jobs Chairman Russell Goldsmith

February 23, 2011

On behalf of the Los Angeles Coalition for the Economy and Jobs, a bipartisan alliance of Los Angeles leaders in business, labor, academia and non-profits, ranging from the AFL-CIO, UCLA USC, The United Way, Warner Bros., Universal Pictures, Edison International, City National Bank and many more, I would like to submit the following comments regarding the significant role Los Angeles can play with supporting our nation’s efforts to generate jobs, improve mobility, reduce vehicle emissions, and create strong and sustainable community development.

Today, the Los Angeles Coalition applauds the leadership of Senator Boxer and Congressman Mica for addressing economy-wide barriers, such as our deteriorating infrastructure, that continue to hamper the productivity and growth of our nation. The Los Angeles region is America’s most important international gateway, hosting a vibrant culture, a diverse population and a strong economic foundation that supports more than 10 million residents. Our nation’s long-term prosperity depends, to a significant degree, upon the success of L.A.’s regional economy and the ability of its infrastructure – seaports, airport and transportation network - to efficiently facilitate the flow of goods and people throughout the region and our country. Unfortunately, our region continues to face some of the worst traffic congestion in the United States, severely impacting productivity and economic growth.

Every year, according to a 2008 study by the Rand Corporation, Angelenos spend on average 70 hours a year stuck in traffic. Congestion delays impact productivity, significantly increase the costs for business, harm the environment and damage our overall quality of life. This congestion continues to cost Los Angeles nearly \$10 billion annually. It’s more and more difficult and expensive to shoot movies here, to transport and deliver goods, and get to and from work. The longer our workforce sits in traffic, the more unproductive and economically uncompetitive our region and nation becomes and the fewer people we employ.

This enormous burden will continue to increase unless serious actions are taken now. I would essentially like to make three points:

1. Across the spectrum of Los Angeles and throughout our country – Republicans and Democrats, business and labor, environmentalists and non-profits – there is growing support for more innovative and aggressive action by local, state and federal government to improve the transportation infrastructure of the nation and cities like Los Angeles. The 2008 passage of Los Angeles County's Measure R, which raised taxes on its 10 million residents for its transportation network, was a reflection of that sentiment and that our county, which would register as the 9th most populated U.S. state, recognizes the immense economic and environmental importance of reducing congestion through infrastructure investment.
2. When you consider the billions of dollars the residents of Los Angeles committed to achieving that critical objective and the fact that a much broader region would benefit from it – a region that contains 5% of the U.S. population, LA County's 30/10 plan to rapidly accelerate our region's 12 most vital transportation projects, should provide our federal leaders a pathway forward for our national transportation policy. That acceleration would provide a far greater benefit to the broader region and our nation at a minimal cost to the federal government - far below what Washington normally contributes. The financial mechanisms proposed by 30/10 are innovative, critically important and warranted in light of a stagnant U.S. economy and the particularly high levels of unemployment throughout the country, more importantly Los Angeles County. In fact 30/10 alone would generate more than 165,000 quality jobs and then more than 500,000 jobs throughout Measure R's lifetime.
3. This new model should be a compelling catalyst for other communities throughout the U.S. to challenge themselves to generate local revenue to invest in their piece of our nation's infrastructure. The underlying financial concepts of 30/10 should be incorporated into a new federal initiative, which we would call the "National Infrastructure Challenge." This federal program, which our Coalition would urge you, Senator Boxer and Congressman Mica, to introduce in Congress, would provide the financial incentives to accelerate much needed infrastructure investments throughout America. It would be modeled somewhat like "Race to the Top" – except this new program would require the majority of funding to come not from Washington, but as 30/10 proposes, from local regions. As 30/10 demonstrates, leveraging a variety of innovative financing tools would leverage a federal funding ratio of 20-35%, rather than the current federal ratio maxing out at 80%. 30/10 shows how to dramatically increase the efficacy of federal funding to reasonably accelerate improvements to America's crumbling transportation infrastructure.

As the 8th largest economy in the world and the leading economic engine for the United States we must seek out innovative and effective initiatives that allow us to compete in today's global economy. Strengthening our infrastructure will provide the necessary foundation and be the needed catalyst in supporting California's role as a leader in just the sort of industries we need to grow our economy; industries like information technology, entertainment, international trade, financial services, agriculture, biotech and much more. It is imperative that we must continue to work together to implement sound policies that grow the larger economy and create employment activity, while dynamically protecting our nation's leadership role and optimizing its competitive advantages.

Our Coalition urges for the continued advancement of those core policy principles proposed by Mayor Villaraigosa and taking yet another innovative idea from California and extending its promise through a broader new program – the "National Infrastructure Challenge" – to allow other communities throughout the U.S., like Los Angeles did, to engage and contribute much more toward creating a vital and cost-effective new partnership with Washington to rebuild and renew America's transportation infrastructure to meets the needs of the 21st century.

Thank you very much.



Alameda Corridor-East Construction Authority

4900 Rivergrade Rd., Ste. A120 Irwindale, CA 91706 (626) 962-9292 fax (626) 962-3552 www.theaceproject.org

Board Members

Tim Spohn
Chair
Industry

David Gutierrez
Vice Chair
San Gabriel

Michael Antonovich
Los Angeles County

Gloria Molina
Los Angeles County

Steven Atchley
Pomona

Frank Gomez
Montebello

Tom King
SGVCOG

Patricia Wallach
El Monte

Paul Eaton
Ex Officio
SANBAG

Rick Richmond
Chief Executive Officer

WRITTEN STATEMENT

Of the Honorable Tim Spohn
City Council Member, City of Industry, California, and
Chairman, Board of Directors,
Alameda Corridor-East Construction Authority

Submitted to a joint field hearing of the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works titled "Improving and Reforming our Nation's Surface Transportation Programs to Support Job Creation and the Economy," held in Los Angeles, California on February 23, 2011.

The Alameda Corridor-East Construction Authority Board of Directors appreciates the opportunity to submit written testimony concerning the Alameda Corridor-East project in eastern Los Angeles County, the significance of federal support for the project and our suggestions for a national surface transportation authorization program that will support job creation and strengthen economic recovery.

International trade and domestic goods movement are vital to the economic health of Southern California and our nation. The San Pedro Bay ports handle almost half of our nation's shipping containers, approximately three-quarters of which are destined for markets outside the Southern California region. As a result, freeways in the region are heavily traveled by trucks and upwards of 100 freight trains a day traverse the region, with more than 90% of this freight rail traffic heading east. Absent significant investment in improvements to the region's goods movement system, freight traffic chokepoints will continue to impose significant economic and environmental costs on the nation and region—a condition which may be exacerbated when trade volumes pick up as our economy recovers. Providing support for the region's goods movement system will be key to long-term sustained economic recovery, both for the region and for our nation.

To facilitate goods movement while mitigating community and environmental impacts, the Southern California region has supported a multi-modal strategy which includes encouraging freight movement on trains rather than on trucks which must travel congested freeways. This strategy is exemplified by the opening nearly nine years ago of the Alameda Corridor, a 20-mile, grade-separated freight rail expressway. While the Alameda Corridor resolved a key bottleneck between the ports of Los Angeles and Long Beach and the transcontinental rail yards east of downtown Los Angeles, nearly all freight rail traffic continues to the east, crossing urbanized areas in Los Angeles, Orange, San Bernardino and Riverside counties. Recognizing the national significance of the Alameda Corridor-East Trade Corridor, Congress designated it as a National

Hon. Tim Spohn, Alameda Corridor-East Construction Authority
Statement Submitted to Senate-House field hearing
February 22, 2011

High Priority Corridor in TEA-21 and as a Project of National and Regional Significance in SAFETEA-LU. Federal, state, county and local funding has been provided to support a program of constructing grade separations at the busiest crossings as well as efforts to improve safety, reliability and throughput.

The Alameda Corridor-East Construction Authority in eastern Los Angeles County has made remarkable progress since being established a decade ago, with safety improvements completed at 39 grade crossings and 14 grade separations either completed, under construction, or funded and ready to commence construction later this year. The six grade separations expected to start construction this year will create nearly 12,000 much needed jobs, mostly in the construction sector where workers have been especially hard hit by the recession. Our success in completing these projects has encouraged similar rail-highway crossing improvement efforts in our neighboring counties to the south and east.

In total, nearly \$1.5 billion in federal, state, local and railroad funds has been committed to the Alameda Corridor-East project in the San Gabriel Valley. While typical highway projects are 80 percent Federally funded, the Federal funding share of the Alameda Corridor-East project in the San Gabriel Valley stands at just under 15 percent. To help complete the remaining grade separation projects in the San Gabriel Valley, the Alameda Corridor-East Construction Authority supports the establishment through the surface transportation authorization legislation or through standalone legislation of a national freight infrastructure investment program or Freight Trust Fund for designated freight corridors and gateways.

The Alameda Corridor-East Construction Authority is a founding member of the Coalition for America's Gateways and Trade Corridors in Washington, D.C. The Coalition has worked with Congress over the past decade to seek a permanent Freight Trust Fund specifically designated for freight projects, which often have difficulty competing for funding with traditional highway projects because freight projects often involve multiple modes, typically cross between state and local jurisdictions and often are constructed in phases. To maximize the effectiveness of this source of funding, it is important that the Freight Trust Fund be dedicated, firewalled and have sustainable revenue sources.

Specifically, the Coalition for America's Gateways and Trade Corridors supports the establishment of a Federal Freight Trust fund along the following principles:

- Revenue should be assessed based on benefit from the freight transportation system;
- Increases in goods movement should yield increases in revenue;
- All potential funding mechanisms should be considered, including traditional highway user fees, tolls, custom and cargo fees;
- Funding priority should be given to federally designated Projects of National and Regional Significance;
- Funding should be available for multi-jurisdictional projects and eligible recipients should include states, port authorities, municipalities and units of local government, such as the Alameda Corridor-East Construction Authority;
- Funding should be distributed based on objective, merit-based criteria;
- Funding should be available to support approved projects through to completion, similar to the process available to transit projects with approved Full Funding Grant Agreements.

Hon. Tim Spohn, Alameda Corridor-East Construction Authority
Statement Submitted to Senate-House field hearing
February 22, 2011

In addition, the Alameda Corridor-East Construction Authority supports the following recommendations with regard to a national freight infrastructure investment grants program:

- Roadway-rail grade crossings should be explicitly identified as eligible projects under a national freight infrastructure investment program. Grade separations in built-out urban areas such as Southern California are essential multimodal components in the goods movement system, which improve safety and reliability and mitigate community impacts. As mentioned above, the proposed grade separation projects along the Alameda Corridor-East Trade Corridor in Southern California have been recognized by Congress as Projects of National and Regional Significance and as essential components of a National High Priority Corridor.
- A national freight infrastructure investment program should supplement and not supplant the overall level of funding necessary for a robust federal surface transportation program for highway and transit projects across the nation.
- A national freight infrastructure investment program should address reasonable and equitable distribution of resources to freight corridors and gateways depending on program revenue source, which is yet to be defined, and based on the magnitude of their importance in advancing interstate and foreign commerce, promoting economic competitiveness and job creation, improving the efficient mobility of goods, and protecting the public health, safety and environment.

Even with the current downturn in trade, which is likely to be cyclical in nature, the impact of goods movement continues to impose a heavy burden on Southern California's transportation infrastructure as well as on the health of the region's residents. Among Californians who are exposed to dangerous levels of diesel emissions, more than 80 percent reside in the five Southern California counties. More than 1,200 residents of Southern California die prematurely every year due to the effects of goods movement.

A federal surface transportation bill which includes a national freight infrastructure investment program offers the opportunity to directly and indirectly support job creation, especially in the well-paying construction and goods movement sectors, as well as to strengthen long-term economic recovery by supporting the more efficient movement of American exports and imports. The Alameda Corridor-East Construction Authority is prepared to continue to work with our regional, state and national partners, stakeholders and legislators to help establish a national freight infrastructure investment program. We appreciate the attention paid to the challenges of goods movement, particularly in Southern California where the traditional transportation issues of mobility, air quality, safety and maintenance of infrastructure are inextricably intertwined with the impacts of accommodating more than 40 percent of the nation's containerized, water-borne international trade.

In closing, I would like to express my sincere appreciation to Chairwoman Boxer, Chairman Mica, Congresswoman Grace Napolitano and Congressman Gary Miller. Senator Boxer was instrumental in providing the earliest significant funding for the Alameda Corridor-East project through the TEA-21 legislation nearly a decade ago. Chairman Mica took the time to tour the Alameda Corridor-East project last fall and Congresswoman Napolitano and Congressman Miller have been longtime leading advocates of the Alameda Corridor-East project as members of the House Committee on Transportation and Infrastructure. We thank them for their leadership and support.