

**RECOVERING FROM SUPERSTORM SANDY:
REBUILDING OUR INFRASTRUCTURE**

HEARING
BEFORE THE
SUBCOMMITTEE ON
HOUSING, TRANSPORTATION, AND COMMUNITY
DEVELOPMENT
OF THE
COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE
ONE HUNDRED TWELFTH CONGRESS
SECOND SESSION
ON
ADDRESSING CHALLENGES TO PUBLIC TRANSIT AND HOUSING IN THE
NEW YORK-NEW JERSEY REGION FOLLOWING SUPERSTORM SANDY
AND ACTIONS NEEDED TO STRENGTHEN THE REGION'S INFRASTRUC-
TURE TO PREVENT DEVASTATION FROM FUTURE SUPERSTORMS

DECEMBER 20, 2012

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THURSDAY, DECEMBER 20, 2012

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

The Subcommittee met at 11 a.m. in room SD-538, Dirksen Senate Office Building, Hon. Robert Menendez, Chairman of the Subcommittee, presiding.

OPENING STATEMENT OF CHAIRMAN ROBERT MENENDEZ

Senator MENENDEZ. Good morning. Let me welcome everyone to today's hearing discussing the unprecedented challenges our region's public transit and housing face as a result of Superstorm Sandy.

It has been an incredibly tough morning. We started the day with a hearing on the loss of our Ambassador in Libya and those challenges, and then, of course, we just had an opening ceremony for Senator Inouye lying in state. And now we come to the devastation that the Northeast region has. So it has been a tough day, but we appreciate our witnesses' being here to help us shed some light and hopefully some commitment by our colleagues to meeting our challenges.

As you all know, Sandy's destructive force overwhelmed the region, and particularly in New Jersey and New York, and the result is damage on a massive, unprecedented scale. Unprecedented but, unfortunately, this was our second hurricane in 2 years, and we expect extreme weather like this to become more common for our region.

Because we need to prepare for the next storm, it is not enough for us to spend our time today simply discussing how we restore our housing and transit infrastructure to their vulnerable pre-storm condition. In my view, now is the time to determine what actions we must take in order to build back the region in a way that makes us less vulnerable in future storms.

The term we use in Washington to describe this is "mitigation." But I do not think that word makes clear enough the critical task we are pursuing here. This is about rebuilding in a smarter, better, and stronger way. We should learn from the important lessons in the gulf after Hurricane Katrina. Transit agencies lost buses in the storm, and when these transit agencies started speaking with FEMA about replacing those buses, FEMA said they could not buy

new buses. They had to buy used buses of roughly the same age to replace those buses.

So these agencies were put in the absurd position of scouring the country trying to find someone who would sell them old buses. But with mitigation funding, we can pay for a new bus to replace the old one, and this same principle applies to rail transit. Hoboken PATH Station was badly flooded, and it is coming back to service weeks after the storm.

Should we put that station back together with the same exact vulnerability to flooding? Or should we rebuild in a way that would prevent such extensive flood damage in the future?

Of course, we should rebuild to protect against future storms. It seems to me that it is not only common sense, but for my friends who are fiscal hawks, the reality is that it is far more fiscally responsible to ultimately ensure that we do not have repetitive loss, that we do not have economic consequences, and that we do not have human consequences as a result of just simply going back to that which was. With a smart investment, we can prevent hundreds of millions of future damages to our transit system.

To understand the importance of rebuilding in a way that hardens our infrastructure and makes us more resilient, let me begin by laying out some facts about the damage to our region.

Based on preliminary estimates—and I underscore that—over 300,000 homes in New Jersey alone were damaged, over 20,000 homes were destroyed or made uninhabitable, and we fear the final numbers will be much higher. The preliminary damage estimate provided by my State alone is up to \$36.9 billion in damage. I have lived in New Jersey my whole life, and I have never, ever seen the type of devastation we have now.

I would like to tell you the story of just one of many of the homeowners who lost so much. Geri Lynch works as a realtor and lived in Oceanport for 10 years in a modest bungalow cottage. When word of the storm came, she evacuated with her car and as many possessions as she could. Her house was nearly destroyed with water rising to 4 feet, and it is still not clear if it will be totally torn down or repaired and put on higher stilts. And she does not yet know if she will have the money to do that.

She says that practically the only houses in her neighborhood that survived were the ones that were built on higher stilts, which is exactly why we need resiliency in our rebuilding.

So now she is living in FEMA housing until the end of December, and she does not know where she will be after that. She says that in the interim she is relying on friends and family and community to help her. She has a remarkably positive attitude despite all she has been through, which is exactly why New Jersey will come back from this stronger than ever. But if we do not have a robustly funded Community Development Block Grant program (CDBG), the funding for her to rebuild stronger simply may not be there.

To illustrate just how serious the housing damage was up and down the Jersey shore, I would like to share these images from Union Beach, New Jersey, where homes, cars, and people's very lives were just totally destroyed. Sandy was one of the largest mass transit disasters in our Nation's history. Four out of ten of the Nation's transit riders had their commutes disrupted. In my home

State of New Jersey, our public transportation network was completely devastated by Sandy. New Jersey Transit, which carries more than 900,000 riders daily, suffered damage to all 12 of its rail lines. Miles of track and roadbed were washed out. Electrical substations were flooded and destroyed. Hundreds of cars and locomotives were submerged, some suffering irreparable damage.

The PATH System, which carries 77 million people between New Jersey and Manhattan each year, was brought to a halt by the flooding. The Hoboken Station in New Jersey, which provides service to about 30,000 people daily, reopened to the public only yesterday, more than a month and a half after Sandy made landfall.

To help illustrate just how serious the flooding was, I would like to share this image from PATH security cameras showing corrosive seawater rushing into the Hoboken PATH Station.

And in New York, where public transit carries more than 8 million riders each day, the damage was unprecedented. Sandy shut down the entire MTA system for only the second time in its 108-year history. Eight subway tunnels were flooded, some from floor to ceiling, and 12 subway stations suffered major damage or were destroyed entirely.

Again, I want to stress the importance of investing now so we do not have to pay again the next time this happens. Where tracks need to be raised, we should raise them. Where subway stations need to be reinforced against flood waters, we should reinforce them. And where electrical substations need to be protected and elevated, let us protect and elevate them. The one thing we do not want is to find ourselves back in this room when the next major weather event strikes our region.

So, with that, seeing no other Members here at this point—some may come and, of course, we are on the Sandy recovery legislation as we speak—I want to introduce our first two witnesses, and I would ask you each to limit your testimony to roughly about 5 minutes, although your entire written testimony will be included in the record.

The Honorable Peter Rogoff is the Administrator of the Federal Transit Administration. As someone whom the Committee knows very well and admires and is an able leader in this crisis, I look forward to hearing from him today about the Public Transportation Emergency Relief program that the Banking Committee helped create and how that will help our region recover in the months ahead.

Ms. Yolanda Chavez is the Deputy Assistant Secretary for Grant Programs at the U.S. Department of Housing and Urban Development, and she is here to discuss how the Community Development Block Grant program can be used to quickly and flexibly provide relief following Superstorm Sandy.

And with that, Mr. Administrator.

**STATEMENT OF PETER ROGOFF, FEDERAL TRANSIT
ADMINISTRATOR, FEDERAL TRANSIT ADMINISTRATION**

Mr. ROGOFF. Thank you, Mr. Chairman, Members of the Subcommittee. Thank you for inviting me here today to review Hurricane Sandy's devastating impact on public transportation and discuss the Obama administration's budget request for assistance

through the FTA newly authorized Public Transit Emergency Relief program.

As you pointed out in your opening statement, Mr. Chairman, Hurricane Sandy triggered the worst transit disaster in the history of the United States. On the Tuesday morning following the storm, more than half of the Nation's daily transit riders were without service. And even in the days that followed, as services in Boston, Philadelphia, Baltimore, and Washington, D.C., came back online, still 37 percent, well more than a third, of the Nation's transit riders were without service.

We applaud the outstanding and tireless efforts of emergency responders throughout the region who worked together with all the affected transportation agencies to restore as much service as quickly as possible.

FTA and the broader Department of Transportation also have been proactively engaged throughout this event. We were, even before the storm hit, in regular electronic touch with many of the transportation leaders, the Governors, and impacted mayors up in the region in terms of preparation, including some of the members that are on your second panel.

FTA also, after the storm, worked with FEMA and the GSA to procure well over 200 buses to provide for mobility of thousands of New Jersey residents as a result of the loss of rail service.

I personally got on the phone to secure some donated buses from other less impacted transit agencies, and we got on email as well as the phone to try and scare up some very hard to find but desperately needed equipment, which we found in Chicago and shipped out right away in order to get the PATH service back up and running.

That said, there is still a great deal more to be done. President Obama's supplemental request for disaster assistance seeks \$60.4 billion in Federal resources for response, recovery, and mitigation. The Department of Transportation's share of the request is \$12.07 billion, and of that, \$11.7 billion, the majority portion, would directly support the FTA's effort to repair and replace the affected public transit infrastructure and make it more resilient.

These funds would be administered through FTA's new Public Transportation Emergency Relief program, and I want to thank you, Mr. Chairman, and the rest of the Senate Banking Committee for its leadership in establishing this program in MAP-21 just a few months ago. The Administration requested this program in our budget and our policy priorities for reauthorization—you may recall I testified on its behalf before the Committee in May of 2011. We are also very grateful to the Senate Appropriations Committee for responding to the President's request for aid under this new program. The support of both Committees was both timely and prescient, as our new emergency relief program strengthens FTA's authority to provide financial disaster assistance to transit agencies in times of greatest need and to better coordinate with our partners at FEMA.

FTA's request reflects two major priorities:

First, we are requesting \$6.2 billion in aid to repair and restore public transportation infrastructure in the affected areas of New

York, New Jersey, also lesser amounts, obviously, in places like Connecticut and other States along the Eastern seaboard.

FTA's staff and contractors are now working side by side under a FEMA mission assignment to conduct damage assessment and cost validation work for both operating and capital costs needed to restore and rebuild transit capacity. These early joint efforts should allow us to compensate the impacted transit agencies promptly once assistance is made available by Congress. This was sort of a first-time effort to get FTA contractors, FTA staff, and FEMA people working side by side to do cost validation quickly and in concert with one another so we have one common cost estimate and the ability to compensate people more rapidly.

Second, the Administration is requesting \$5.5 billion to make transit facilities more resilient to better withstand severe coastal flooding and other weather-related challenges. This country and its people cannot afford to endure the loss of life and property that occurs when catastrophic events repeat themselves over and over again. The sums needed to harden transit systems to protect them from such disasters can be far less than the cost to repair and restore them multiple times.

Under our budget request, funds invested in projects to mitigate against future disasters will be guided by regional response plans with guidance and assistance from FTA and other Federal agencies along with State and local governments. Indeed, regional cooperation will be absolutely critical to this effort. President Obama, as you know, this month established a Hurricane Sandy Rebuilding Task Force under the leadership of HUD Secretary Donovan.

The Deputy Secretary of Transportation, John Porcari, and I went up to New York just last week to sit with the heads of NJ TRANSIT, the MTA, representatives from Amtrak, as well as the Port Authority, to start the regional discussion off to make sure that folks are working in a cooperative way, to make sure that they identify and we have a process to identify the most cost-effective mitigation efforts.

It is going to be critical that the regions, the two States, all the agencies work well together on this. It is really quite possible that, if not done correctly, one mitigation investment could worsen the potential damage on a neighboring transit asset. This really needs to be done in a coordinated fashion that bridges all of the local players, all of the local agencies, State and local government to make sure that the impacts of Hurricane Sandy do not repeat themselves.

I see I am already over my time, so with that I will submit the rest of the statement for the record. Thank you.

Senator MENENDEZ. Thank you, Administrator.

Madam Secretary.

STATEMENT OF YOLANDA CHAVEZ, DEPUTY ASSISTANT SECRETARY FOR GRANT PROGRAMS, OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Ms. CHAVEZ. Good morning, Chairman Menendez, Members of the Subcommittee. Thank you for the opportunity to testify regarding recovering from Superstorm Sandy. In my role as Deputy As-

sistant Secretary for Grant Programs at HUD, I am responsible for the Community Development Block Grant program, better known as CDBG, the CDBG–Disaster Recovery grants, and the HOME program. The CDBG Disaster Recovery program is critical in helping communities recover from and rebuild after natural disasters like Superstorm Sandy.

This morning I will discuss Sandy’s impact on housing and the work that HUD has started and will continue through CDBG for long-term recovery in the region. Additional details on these points and on Secretary Donovan’s role as head of the President’s Sandy Recovery Task Force are provided in my written testimony.

Hurricane Sandy and the nor’easter that followed have had massive and varied impacts along the Atlantic coast from Virginia to Rhode Island. Especially hard hit were New York and New Jersey, two of our Nation’s critical economic engines.

One of the major effects of storms like Sandy is damage to homes and apartments and the displacement of families and individuals. Excluding second homes, more than 150,000 housing units experienced substantial flooding as a result of Sandy. This means that housing will be a crucial part of the recovery and rebuilding effort. In New Jersey alone, over 44,000 primary residences had flooding, more than half experiencing at least a foot of flooding. We project that about half of the damaged primary homes in New Jersey were occupied by low- and moderate-income households.

Our research staff has also identified approximately 500 neighborhoods in New York, New Jersey, and Connecticut where more than 20 percent of the homes were damaged. More than 175 of these neighborhoods are in New Jersey.

HUD is already assisting affected State and local governments. Immediately following the storm, we hosted technical assistance calls with these grantees to help them understand how existing resources such as CDBG and HOME may be used for response and recovery efforts. Further, HUD has issued a series of waivers that make it easier to use these funds for emerging needs.

As you know, the proposed supplemental appropriation for Sandy recovery and rebuilding includes \$17 billion for CDBG Disaster Recovery. This proposed allocation will provide the necessary resources to plan and implement long-term recovery in the region while helping impacted communities effectively mitigate future risk of disaster to prevent losses of this magnitude from recurring. Hazard mitigation is not just sensible, but it is cost effective. Studies have found that mitigation efforts offer a 4:1 dollar return on investment by preventing future damage.

For example, in Hope, Indiana, a 2008 CDBG Disaster Recovery allocation of \$40 million allowed for the rebuilding of stronger and safer water and wastewater facilities that have operated since then without disruption despite subsequent severe storms and flooding.

Previous disaster response efforts have proven that CDBG offers important flexibility and effectiveness by allowing jurisdictions to design long-term housing and infrastructure recovery programs based on their specific needs. Our experience also demonstrates the importance of early appropriations so that it is clear that the funds will be available and planning efforts can include the full range of needs. Major infrastructure investments take time to spend out due

to design, permitting, and staging requirements, but State and local governments are unlikely to proceed with these efforts without assurance that they have funding to implement the projects.

Furthermore, after Katrina, the State of Louisiana waited for more than 10 months for a second appropriation before launching its main homeownership assistance program. This delayed much-needed assistance to more than 100,000 households.

I should also note that CDBG Disaster Recovery funds are not actually drawn from the Treasury until shortly before actual payments are made. But the guarantee that these funds will be available is necessary to move the projects forward. The Administration urges Congress to pass a supplemental appropriations bill as soon as possible to give affected States and communities the support they need to recover and rebuild.

Thank you for the opportunity to testify. I would be pleased to answer any questions you may have.

Senator MENENDEZ. Well, thank you both for your testimony, and there are a lot of important things here, both in your oral testimony as well as your written testimony.

Secretary Chavez, you say, I believe, in your written testimony, you cite that New York and New Jersey combined employ 12.7 million workers, or 10 percent of the entire United States employment, and that they are an estimated 11 percent of GDP nationally, or about \$1.4 trillion nationally.

Don't those figures make the compelling case that the disaster supplemental is not just about building or rebuilding a few States, but is helping to rebuild at the same time a national economy?

Ms. CHAVEZ. Yes, we completely agree with that, Chairman. As you said, it is not only critical for the regional economy, but this recovery and rebuilding effort is critical for the national economy. If we cannot get New York and New Jersey workers and businesses back to the pre-storm pace in terms of economic recovery, I think we are going to see our economic recovery slow down instead of moving forward, as it has been in these last couple of months.

Senator MENENDEZ. Now, you also mentioned some incredible data there that you have determined at HUD that about 500 neighborhoods where 20 percent of that neighborhood has, in fact, been damaged or lost, and 175 of those neighborhoods in New Jersey alone. What is the impact of that type of damage to a neighborhood? In my own visits in New Jersey, I have seen neighborhoods that are multigenerational in terms of their calling a part of a community, you know, their neighborhood, their home. As a matter of fact, I had a conference call a day or two ago with a whole host of our mayors, and Mayor Kelaher of Toms River told me that he had lost 20 percent of his entire ratable base—20 percent of his ratable base.

Now, when you lose 20 percent of your ratable base—I was a mayor for 6 years—that is a nightmare because there is no way to make it up except for shifting the responsibility for that community's cost to all of the other ratepayers and/or dramatically cutting the various central services like public safety and sanitation collections and other critical elements. So what does that mean to neighborhoods?

Ms. CHAVEZ. You make the case for why the supplement is important. In order to rebuild the base, not only the community base but the economic base of that neighborhood, we need to start rebuilding. What it means, losing 20 percent of the residents, of the base, not only in terms of the tax base and property values but also in terms of neighborhood safety, is devastating to communities. And that is why it is critical that we start this process as soon as we can, because this type of disaster could take 4 to 10 years in terms of rebuilding. We have seen that in Louisiana and Mississippi. In Mississippi, we are still working with the State to provide assistance to homeowners that are still rehabilitating their homes. So we cannot wait any longer to start the process.

Senator MENENDEZ. Yes, and isn't it fair to say that a delayed recovery is a failed recovery at the end of the day?

Ms. CHAVEZ. A delayed recovery is a failed recovery. A recovery that does not allow for communities to plan for the range of needs, understanding that it may take 5 to 10 years to recover, we would also say is a failed recovery.

Senator MENENDEZ. Administrator, taking off from the Secretary's comments about the regional economy within the context of the national economy, transportation is a critical element, is it not, of getting people to work, getting a workforce to their jobs, being able to create productivity, being able to drive a better bottom line, being able to move an economy? I think sometimes we think maybe in other parts of the country of transportation, particularly transit, as some type of luxury. But isn't it, in essence, a necessity to economic success?

Mr. ROGOFF. Well, it absolutely is, Mr. Chairman, but nowhere is it more of a necessity than in the New York-New Jersey region. We are talking about 40 percent of the Nation's transit passengers all in the northern part of your State, central and northern part of your State, and in and around New York city and southwestern Connecticut.

Importantly, many studies have shown that, after housing, transportation is the second largest draw on a family's paycheck, so in terms of the availability and affordability of that transportation, it is absolutely elemental to the overall economic health of the area. And as you pointed out in your statement, we are talking about more than 10 percent of the Nation's GDP just in that area.

Senator MENENDEZ. And what would you think—I know that you have helped FEMA do damage assessments, and I know you have been up and visited with us and others in the region in terms of reviewing the damage personally. Do you think that the region's transit system could possibly be rebuilt and protected with less than a third of the funds the Administration requested?

Mr. ROGOFF. No. In fact, we took note of one of the amendments that has been introduced in the Senate that would cut the President's request by more than 70 percent, specifically in transit emergency relief. That amount would not even cover the recovery estimates that we currently have, much less get to any of the necessary mitigation investments that have been requested under the President's budget.

Senator MENENDEZ. So that amount would not even cover the recovery—

Mr. ROGOFF. Just the restoration and recovery costs, most of which takes the form of reimbursements to the agencies that you will hear from on your second panel, will far exceed the amount proposed in that amendment. These are costs that in many cases have already been laid out by the MTA, by the Port Authority, by New Jersey Transit. We are working diligently with FEMA right now to validate those costs so we can expeditiously reimburse them so they can continue to turn out their service for the year.

We have to remember that they still have to live within their own budget envelopes to provide reliable and desirable service for the people of the region on an ongoing basis through the fiscal year. Meanwhile, they have laid out a great deal of money just on restoration. They have depleted their stocks of spare equipment. In some cases, they are stealing equipment from one line to keep another up and running.

Senator MENENDEZ. And is it possible that if the Congress does not respond adequately, they will have to restore to a fare shock?

Mr. ROGOFF. Well, I think that question would be well put to the next panel in terms of how they would make the dollars add up. I already know that the MTA has announced that they will need to go out and have gone out for additional debt just to cash-flow the recovery until we can reimburse them. But I think there is the risk of serious service degradation to the public if they cannot, for example, restore their stocks of spare equipment to keep the system up and running.

Senator MENENDEZ. Now, some of our colleagues seem to think that any attempt to rebuild our transit systems with an eye toward mitigation and making them stronger for the future is a waste of money. What is your perspective of that?

Mr. ROGOFF. Well, one thing that became clear in our after-action look at all this, which gave rise to the President's request, is that the operators have some of the most critical components to keep the systems up and running in some of the most vulnerable areas. And I think what those folks are saying when they say, well, we should not make mitigation investments, is we should take taxpayer money and rebuild those critical components right back in the same vulnerable environment. We can do this much smarter and, in fact, cheaper over the long run if we can make the necessary investment to protect that situation from happening again. So when it comes to things like propulsion power, signal systems, we know now that some of those critical elements that are absolutely critical to get that service up and running for 10 percent of the American economy are in very vulnerable places.

None of us, no homeowner that has had their basement flood repeatedly, takes their best family heirlooms and stores it on the floor of the basement. We might buy some shelving. We might put those heirlooms up on a shelf. What those folks are saying, when we say we should not make any mitigation investments, is we should put the family heirlooms on the floor of the basement again and just wait for the next flood to happen.

The other thing you need to remember is when we have these repeated disasters, much of those costs would be FEMA eligible, so the taxpayer is going to pay again. And we see no wisdom in that, and it is why we built the mitigation funding into the President's

budget in a very strategic way. They are not going to be just dollars spread around without a plan. The whole notion of the meeting we had with Secretary Donovan and the impacted transit players up in New York is to start a meaningful conversation of what are the most cost-beneficial mitigation investments for the region, looking at the entire transportation network—Jersey Transit, the MTA, PATH, even the Staten Island Ferry, and all those things together.

Senator MENENDEZ. So, in essence, it is more fiscally prudent to do the mitigation than to just replace as it was and wait for the next storm and repay all over again?

Mr. ROGOFF. Absolutely. I know it seems trite, but I have a very large tree in front of my house. One branch fell and went through the windshield of one of my friend's cars this past year. One went through my car. We do not park under the tree anymore. We are smarter than that. And I think we need to be that way when it comes to transit.

Senator MENENDEZ. Is your neighbor still talking to you?

[Laughter.]

Senator MENENDEZ. Let me ask you one final thing. I was pleased, as the Subcommittee Chair working with Senator Johnson and the full Committee, to create the program in MAP-21 on emergency relief. How do you think this program can help our agencies rebuild better and faster than if we simply had money going through FEMA?

Mr. ROGOFF. Well, I think you pointed out in your opening statement the challenges that we have under the FEMA Stafford Act rules where that fund will only reimburse transit agencies to their pre-existing condition. You talked about the folks in New Orleans after Katrina being told that they had to go find an 8-year-old bus to replace the destroyed 8-year-old bus.

The program that you authorized, Mr. Chairman, allows us to restore the transit agency to the service the public needs, one that is reliable, and is up to modern technology. I think importantly, following on the conversation we just had, it also authorizes payments to prevent future disasters, which is why the mitigation investments are authorized under that program.

The other fact, I believe—was that conversations that took place between FEMA and transit agencies after Katrina took many, many wasted months to figure out who owed who what. In our case, the FTA has an electronic grantmaking relationship that we use routinely with all of these agencies. We have that infrastructure in place. We have staff that know these facilities.

Two of the most tragic elements of the disaster from Sandy, the South Ferry Station in Lower Manhattan and Hoboken Terminal are two facilities that the FTA had already just puts hundreds and hundreds of millions of taxpayer dollars in, and both sustained extraordinary damage. Our staff knows those facilities. We know what went in them. We worked with the very same staff. And rather than now have FEMA staff come in and manage the rebuilding, we think there is a lot of efficiency for the taxpayer to have the FTA still involved in that in a way that—as one transit grantee put it, “We like having you here because you speak ‘transit.’” We will save time and money because we do.

Senator MENENDEZ. Finally, Madam Secretary, let me just go back to a comment that you made in your oral testimony about having the resources necessary to understand and to rely upon so that a community or an individual or a business can make an informed decision depending upon and relying upon that that decision will be funded at the end of the day. What are the consequences of not having the resources under which you would make those decisions?

Ms. CHAVEZ. The consequences basically are that the recovery will take longer. As you wait longer, it becomes more expensive. And that is why it is critical that communities—and we have seen this time and again with our experiences in Mississippi, in Louisiana, in Iowa, where when communities understand the funding they have, they can really take all of the data in terms of their needs, design their program based on those needs, and plan ahead 2, 3, 5 years down the line because this disaster will take at least 5 years to rebuild. And that is why it is really critical that they know exactly what the resources are right up front, because as HUD, we are going to ask them to give us their plan for recovery based on their unmet need and based on the funding that is available to meet that and to help them recover.

Senator MENENDEZ. And, finally, in the CDBG grants that have the greatest flexibility, which I know Senator Landrieu by necessity has become almost an expert in this regard as a result of what she went through in Katrina in her State, and as the Chair of the Homeland Security Appropriations Subcommittee has made very clear, that, for example, a small business, which is the backbone, economic backbone, for which I have visited, you know, street after street of small businesses that have been closed, and that are trying to make a decision, do I start my business again or do I not, based upon trying to get a sense from the Government as to whether there will be any standards under which a grant will be considered, because while many have told me, look, I appreciate a small business loan, you know, at low rates and long term, that is just adding to a debt I already have. They took out debt to start off their business. They took out debt to survive the Great Recession. And now they are faced with having lost so much. For them, the choice between opening or not opening may very well depend upon a CDBG program that they can depend upon once standards are set. Is that not a fair statement?

Ms. CHAVEZ. That is a fair statement. In fact, grantees would have the flexibility to determine how to design that program. As you said, they could determine that they want to provide grants to their small businesses to get them restarted. In other situations where maybe the business has already opened but needs some additional assistance, they may determine that it is best to provide a low-interest loan or a forgivable loan. There are many options for grantees in designing these programs to help their businesses get back to working again.

Senator MENENDEZ. Well, I hope some of our colleagues and/or their staff have been listening to this testimony because the reality is, I think some of these amendments on the floor that were offered are miserly, to say the least, a moment of national imperative, and do not have not only the spirit of the season but do not have the

spirit of what America is all about. This is the United States of America. There is a reason we call ourselves the “United States of America,” is because we respond collectively to the needs of our citizens regardless of what part of the country they are from. And we cannot get the type of recovery that both we and the Nation need unless we have a more robust response than some are suggesting.

I want to thank you both for your testimony. I appreciate it. I know we look forward to continuing to work with you. And as you depart, let me call up and introduce our next panel.

James Weinstein is the Executive Director of New Jersey Transit, the largest Statewide transit agency in the Nation, and he has kept a cool head in a very tumultuous time for the agency, and he will help us understand the damage New Jersey Transit incurred and the challenges the agency faces in protecting its assets going forward.

Mr. Tom Prendergast is the President of the Metropolitan Transportation Authority New York City Transit. The MTA suffered extensive flooding damage during the storm, and I am glad that he is here to help us wrap our minds around what those challenges are.

And Mr. Patrick Foye is the Executive Director of the Port Authority of New York and New Jersey. We are happy to hear the PATH station is open again, but we know that there are significant challenges still.

So I would like to ask each of you, starting with Mr. Weinstein, to give us about 5 minutes or oral testimony. All of your full statements will be included in the record, and then we can have a discussion.

**STATEMENT OF JAMES WEINSTEIN, EXECUTIVE DIRECTOR,
NJ TRANSIT CORPORATION**

Mr. WEINSTEIN. Good morning, Mr. Chairman.

Thank you for your leadership in helping our State through this difficult time, and thank you and the Members of this Committee for providing this opportunity to address you today.

New Jersey Transit is the second-largest transit agency in the Nation, and Sandy hit us particularly hard. While we took extraordinary steps to mitigate potential harm, nonetheless, the transit system suffered extraordinary damage to critical bridges, electrical substations, track and signal systems, rolling stock, and key terminals.

In addition, under Governor Christie’s leadership, we worked with the Federal Emergency Management Agency, U.S. DOT, the Federal Transit Administration, and other partners to immediately implement extensive interim bus service, ferry service, and other services to continue to deliver essential public transportation to our region’s transit riders.

But, Mr. Chairman, Sandy has shown we cannot merely restore our rail and other infrastructure to its previous state. That would only leave us vulnerable to the next storm.

It is clear we must go further and make the rail and other transit modes more resistant in the face of future superstorms. Those steps will require additional resources.

We have identified \$1.2 billion in resiliency and restoration projects that would be eligible under FTA's Emergency Assistance program, projects that would improve our system's ability to withstand storms of all types, not just superstorms, that mimic Sandy's punishing surge.

Let me quickly outline a few of these projects for you.

More than 25 percent of our rail fleet, about 350 rail cars and locomotives, were damaged during Superstorm Sandy, most from flooding at our Meadows Maintenance Facility, our primary maintenance and repair facility that has never before flooded. To prevent a recurrence, a top priority is ensuring that we have sufficient stormproof rail yards to safely store locomotives and rail cars out of the reach of flood waters and also out of harm's way from falling trees, electrical wires, utility poles, and other storm-driven debris.

To that end, we estimate it will cost about half a billion dollars to construct new rail yard and inspection facilities, including a new yard at a site along the Northeast corridor in New Brunswick that is currently owned by Amtrak. This facility will provide a centrally located site for safe storage and allow locomotives and rail cars to be rapidly reinspected and put back into service once a storm passes.

Additionally, we are seeking \$200 million to raise power and other systems at the Meadowlands Facility and the collocated Rail Operations Center above foreseeable flood levels, as well as flood control structures that will allow us to safeguard the most critical portions of the complex and ensure that the parts, generators, and repair machinery and other equipment can ride out any storm in place, as they must.

Mr. Chairman, Sandy badly flooded, as you pointed out, the historic Hoboken Terminal, as well as portions of the Frank R. Lautenberg Station in Secaucus. We estimate it will cost about \$125 million to restore and strengthen these and other key locations against storms.

Sandy also ruined electrical substations along the North Jersey coastline and in Hudson County and elsewhere, which are vital for supplying the catenary wires that power our electric trains.

So we are seeking \$275 million to construct seven new elevated electrical substations and to improve the coastline's resiliency by constructing seawalls by bridges, building sheathing to prevent washouts at bridge approaches, and raising bridge control houses.

Both the Hudson Bergen and the Newark Light Rail systems were impacted heavily by flood waters. Repairing the light rail systems and making them more resilient will cost about \$25 million.

Finally, we are seeking \$75 million to cover the cost of substitute bus and ferry emergency service provided after the storm, as well as to restore, expand, and enhance communications during a disaster. Real-time communications are vital, whether our customers are at a station, on a train, on a bus, on the Internet, or using a smart phone. This is not only a customer service issue; it is a safety issue, whether a disaster is a result of Mother Nature or an act of man.

Mr. Chairman, we recognize there will be local match requirements for the funding we are seeking, and we are fully prepared to work with our local MPO partners to make whatever changes

are needed to our existing capital program. We also are ready to expedite implementation of these projects, including by using fast-track design-build contracting.

Mr. Chairman, I would note that these cost estimates are just that—estimates that may well evolve over time as we progress the work that lies ahead. However, it is clear that money invested preventing future storm damage will limit the bill for future storm relief, as well as ensure that our transit system has a better chance of avoiding service interruptions that disrupt people’s lives and undermine the economic vitality of a region.

We appreciate the Committee’s interest, and any assistance you, the Committee, Congress, and the Administration can provide in helping renew and improve New Jersey’s public transportation system will be greatly appreciated.

Thank you, and I will be happy to answer any questions.

Senator MENENDEZ. Thank you very much.

Mr. Prendergast.

**STATEMENT OF THOMAS F. PRENDERGAST, PRESIDENT, MTA
NEW YORK CITY TRANSIT, METROPOLITAN TRANSPORTATION AUTHORITY**

Mr. PRENDERGAST. Good morning, Chairman Menendez and other Members of the Committee. Thank you for holding this hearing and inviting me to testify today. I am Tom Prendergast, president of MTA’s New York City Transit. The New York MTA is the largest transportation provider in the country.

Every day, the MTA moves more than 8.5 million people—reliably, affordably, and safely -on our subways and buses, the Staten Island Railway, Metro-North Railroad, and the Long Island Rail Road. Our seven bridges and two tunnels carry nearly 300 million vehicles a year.

The MTA is one of the few transit systems in the world that operates 24 hours a day, 7 days a week, 365 days a year. And along with the other transportation networks represented on this panel, we are the lifeblood of a \$1.4 trillion dollar regional economy—the largest in the country, making up 11 percent of the gross domestic product.

About 2 months ago, however, our region came to a complete standstill in the aftermath of Superstorm Sandy—a disaster that brought our system to its knees. For the second time in its 108-year history and in a little over a year, the MTA shut down all of its services. And despite unprecedented preparations, we sustained damage on a level we had never experienced before.

Today, most of our customers are seeing service, but our workers and those that run the system are seeing another reality: a fragile system that is safe but extremely vulnerable. The subway line and the bridge connecting the Rockaways Peninsula and the rest of Queens were completely washed away. The subway tunnel for the R train, the Montague Street tube connecting Brooklyn and Manhattan, is not operational and will only be so for the first time tomorrow. We have subway lines running at longer headways, resulting in longer commutes and severe crowding. We have drawn down about 80 percent of our replacement equipment. The useful life for

many of our signals, switches, and relays has depleted exponentially due to the damage sustained by the storm.

We estimate nearly \$5 billion in immediate repair needs left in Sandy's destructive wake and billions in project needs to protect our system from future flooding events like the ones we have experienced. And we will repair and rebuild our system as quickly as possible—8.5 million customers are depending on it.

We have already spent hundreds of millions of dollars to restore service as quickly as possible. And just yesterday, our Board approved for us to move forward in selling \$2.5 billion in bond anticipation notes that will be used for that rebuilding.

But we are simply not able to shoulder this incredible burden on our own, and we cannot fully undertake these financing efforts without knowing what Congress plans to do to support us. A Federal commitment is needed to ensure that we can rebuild and we can build back stronger.

Once a disaster relief supplemental appropriations bill is signed into law, we are prepared to immediately enter into contracts to begin the projects that are essential to our riders, projects such as: South Ferry/Whitehall station restoration; restoring the Rockaway line; repairing and replacing damaged signal equipment, including switches and relays, damaged vents, pumps, and communications equipment; and repairing the roadway structure, ventilation, and communications equipment in the Queens Midtown and Hugh L. Carey Tunnels.

And as we work to bring our system back to normal, we must also make the necessary investments to protect this 108-year-old system from future storms. We must rebuild smarter.

Manhattan's South Ferry subway station is a perfect example. It was destroyed during the 9/11 attacks, and we spent over \$500 million to rebuild it at that time. It serves over 30,000 riders a day. It was completely destroyed due to Superstorm Sandy, and we need to replace it. This station, eight stories underground, was completely filled with water from floor to ceiling, corrosive salt water, which damaged everything. The last thing we want do is to come back to Congress for another \$600 million after the next storm hits, but we will if we have to. It is in the best interest of the American taxpayers to protect this critical station and other infrastructure elements so that our large Federal investments can be wisely spent.

As Superstorm Sandy demonstrated, when the MTA shuts down, the Nation's largest regional economy shuts down. It is absolutely critical that we make the necessary investments to protect the South Ferry station and other critical infrastructure elements.

Our needs are great. But this is clearly much more than a New York story or a New York need. This is a national issue, a national need. And we need the Federal Government's help, not only to get us on the road to recovery but to protect these critical assets in the future.

Once again, Chairman Menendez, thank you for holding this important hearing and for giving me the opportunity to testify today. I will answer any questions later.

Senator MENENDEZ. Thank you very much.

Mr. Foye.

**STATEMENT OF PATRICK J. FOYE, EXECUTIVE DIRECTOR,
PORT AUTHORITY OF NEW YORK AND NEW JERSEY**

Mr. FOYE. Chairman Menendez and Members of the Committee, thank you for holding this important hearing on the greatest transit disaster in our Nation's history.

I am Pat Foye, Executive Director of The Port Authority of New York and New Jersey.

Mr. Chairman, on behalf of the Port Authority, I thank you for your ongoing support of our agency and for the people of our region.

I also want to thank Governor Andrew Cuomo of New York and Governor Chris Christie of New Jersey for their strong leadership before, during, and after Superstorm Sandy.

For those unfamiliar with our agency, the Port Authority operates what is the most important multi-modal transportation network in the world. Our transportation assets include: the busiest airport system in the country, including JFK, LaGuardia, and Newark airports; four interstate bridges, among them the George Washington Bridge, which is the busiest vehicular crossing in the world; the Holland and Lincoln tunnels that link New York and New Jersey; the Nation's busiest bus terminal, located in Midtown Manhattan; the largest port complex on the east coast; and the bi-State commuter rail system known as PATH.

Annually, about 77 million riders take PATH, and those who rely on it will tell you it is an indispensable part of their lives and jobs. While our PATH network is just over 13 miles long, it serves as a vital link in the region, carrying passengers under the Hudson between New Jersey and New York City. It is an essential artery in a region representing, as you have noted this morning, Mr. Chairman, more than \$1.4 trillion in economic output, fully 11 percent of our Nation's GDP.

Of all our transportation facilities, PATH suffered the most severe blow in Superstorm Sandy. We took every step we could to prepare for the storm, but despite our preparations, this critical interstate link was completely devastated by the historic storm surge and flooding that reached over 2 feet above the prior 100-year flood level in Lower Manhattan.

The storm surge breached and blasted through our passenger stations, as that slide you had up before, Mr. Chairman, indicates, and the PATH tunnels, which are ancient by today's mass transit standards, having been built at the turn of the last century more than 100 years ago.

The PATH network is dense and closely contained with complex tunnels interlocking underneath the Hudson. These tunnels, along with the box-like structures called caissons connecting the tunnels, contained rack upon rack of critical and decades-old signal, switching, and communications equipment that were damaged in the deluge of corrosive seawater during Sandy.

The waters damaged the signals, switching, communications, and other wayside equipment lining the tracks. Most visibly to the public, our stations experienced tsunami-like conditions. Our historic Hoboken Terminal, one of the busiest in our system, was inundated after flood waters crushed an enclosed elevator shaft, set forth on

the easel, sending millions of gallons of water pouring into the station.

In many of our stations, practically every wire, every circuit, and every last bit of infrastructure that existed below ground was damaged, destroyed, or otherwise left in need of attention and repair. To compound the problem, many of the parts that Sandy destroyed are no longer manufactured due to their age. It has been like trying to find replacement parts for an entire fleet of Model T Fords in the 21st century.

Thanks to the heroic efforts of our staff and many others who provided assistance, we commenced partial service restoration of the system on November 6th, re-establishing service between Journal Square and 33rd Street in Manhattan. On November 12, we brought back service to Newark.

With continued round-the-clock recovery efforts, on November 26th PATH resumed service to the World Trade Center and Exchange Place stations. And as you noted, Mr. Chairman, I am proud to say that just yesterday, I joined PATH employees for the inaugural run of restored Hoboken service to 33rd Street on the west side of Manhattan. With that, we have restored at least limited service to all of the stations in our network.

We learned during the storm that the ingenuity and dedication of our public servants is unrivaled. In the first days after the storm, one of our workers, Tom O'Neill, risked his own life to jump into several feet of murky flood waters in a PATH tunnel to restart a pump by hand, thus preventing further flood damage. Tom O'Neill, in his own words, "was just doing his job," and it is that attitude and the fortitude of all of our PATH employees that continues to bring us back.

We could not have done this on our own, however. Companies and factories from all over the country have helped in our recovery. In Pearl, Mississippi, the employees at Trilogy Communications worked day and night, on a weekend, to prepare 2 miles of replacement specialized communications cable for our tunnels leading to the World Trade Center.

Invensys Rail, based in Louisville, Kentucky, did the same. U.S. DOT and FTA provided critical support. Administrator Rogoff was personally involved in securing desperately needed breakers from CTA in Chicago for restoration of PATH service.

But with PATH still operating at less than full strength and on partial schedules, and as NJ Transit continues its own efforts to restore service, commutes are still badly disrupted.

What normally was a 45-minute ride home for many has now doubled in length, or worse, as commuters displaced from PATH seek alternative transit, bus, or ferry service. Those with late evening shifts are still bearing the burden of limited service, having to rely on late night buses to make their way home.

We continue to rebuild and repair across our network, but as is the case for the States of New York and New Jersey, the Port Authority will need the Federal Government's help.

Simply put, we are not at full strength, and we have endured hundreds of millions of dollars of damage. Old electric substations have been patched together with cannibalized parts. Parts of our network are operating on so-called manual block, with personnel

communicating by radio to mark trains passing stations while our signaling systems are still under repair.

To bring our system back will require hundreds of millions of dollars. This will go immediately into signal system repairs, electric substation repairs, track work, and communications systems. We are still tallying the damage, Mr. Chairman, but we now estimate that the costs to fully repair and restore the PATH system may total more than \$700 million dollars—much more than our early and preliminary estimate of \$300 million.

It is also critical that we invest in mitigation measures to protect our system from future storms so that we do not find ourselves in the same situation just a few years from now. This will include projects such as elevating portions of track, elevating critical substations, and strengthening critical caisson rooms within our tunnels beneath the Hudson River. These mitigation measures will come at significant cost, but without them, as we have learned over the last 2 months, the costs to the taxpayer will be even greater.

Some of you know that the Port Authority receives no taxpayer money from either New York or New Jersey. We rely exclusively on user fees—the fares our passengers pay, and rents and other fees—all revenue streams that have their limitations. We are still assessing the exact costs of repair and recovery, but our needs are significant.

Finally, I urge Congress to act as soon as possible, Mr. Chairman, in approving recovery funding for the New York, New Jersey, and Connecticut region. The final costs will no doubt be high, but the costs, should we fail to make necessary repairs and investments, are unfathomable in terms of the cost of lost productivity, lost jobs, a fractured transportation network, and the economic output that it powers.

Thank you, Mr. Chairman.

Senator MENENDEZ. Thank you. Thank you all for your testimony. Let me start off.

You know, some of my colleagues here think you plucked these numbers out of the sky and they are all inflated and, you know, not necessary. What would you say to them?

Mr. WEINSTEIN. Mr. Chairman, we have been very sensitive to that very issue. These are estimates that are a work in progress, and we keep saying that. But I will tell you that, at least from New Jersey Transit's standpoint, railroads are expensive. We move on our railroad every day a quarter of a million to 300,000 people. Those are people, if they are not on the railroad, they are on the roads. And when they are on the roads trying to get into Manhattan to get to work, the road system breaks down, Mr. Chairman. This is a network. It is very expensive to maintain it, but the return it has to the economy, the return that it has to the quality of life in our region is immeasurable.

Mr. PRENDERGAST. The net worth of the New York City Transit's part of the MTA infrastructure alone is \$750 billion. We have spent over \$75 billion to repair items since 1982. The damage we sustained is significant. It is affecting our ability to provide service. I think Mr. Weinstein elaborated very clearly, if you lived in the region and you experienced in the first few days after the storm the gridlock that existed not just in Manhattan but the outer boroughs

and the region at large, you would see the impacts that occurred to the community. To say that the transportation network that all three of these agencies provide for the New York region is the lifeblood of the region is an understatement. So that would be the way I would respond to it.

Senator MENENDEZ. Mr. Foye, I heard your numbers. Your numbers went upwards from your original estimate, not downwards.

Mr. FOYE. They did.

Senator MENENDEZ. It is very likely that all of your numbers will go upwards, not downwards, at the end of the day.

Mr. FOYE. Mr. Chairman, I think that is right. Obviously, as you noted in the case of Hoboken Terminal, service was restored only yesterday. Our focus is obviously on restoring service for the 77 million passengers on an annual basis who use the PATH system. Allow me to note three points.

One, in accordance with the approach that Governor Cuomo in New York and Governor Christie have taken, we at the Port Authority believe in accountability. We understand that we are going to be accountable to the Federal Government and to our Federal funders and ultimately to the taxpayers for every dollar we receive.

The second point I would note is that the Port Authority has already spent out-of-pocket about \$200 million since Superstorm Sandy occurred on October 29th. Those dollars are real. We are prepared to demonstrate every dollar.

Third, I would note that none of our agencies are talking about a bridge to nowhere. We are talking about restoring tunnels and bridges and train stations, whether it is New Jersey Transit, MTA, or PATH, which exist, which serve millions and tens of millions of passengers a year, and the damage in the case of PATH and the caissons at PATH are to equipment that was installed 50, 60, 70 years ago, which is, frankly, only available and can be viewed at the Smithsonian. And we are prepared, Mr. Chairman, to demonstrate and be accountable for every dollar that we are provided.

Senator MENENDEZ. So tell me what would happen if a—I think you are all familiar with the supplemental as the Administration submitted it to Congress and that we are pursuing. What would happen if you get collectively less than a third of what is being offered? What are your decisions going to be like? How is it going to affect you?

Mr. PRENDERGAST. Well, in terms of what I had stated in my testimony, the board approved the additional funding of \$2.5 billion in bond anticipation notes, so we are going to run those down, and obviously we are going to deal with it on a priority basis.

We are just getting the Montague Street tunnel back tomorrow. We have had extensive signal damage. It has taken us 6 weeks to trouble-shoot and get that service running. Tens of thousands of people a day use that line.

The Rockaways has not been restored, that service. That is going to draw a large share of that money. And as those monies get drawn down and we reach the point where, you know, we are reaching the limits of our own ability to generate funds that we can use for these types of repairs, we will be forced to put off critical repair needs that may result in other delays.

What we saw in the Montague Street tube we have reason to believe will happen on some of the other tubes in terms of anticipated increased failures in those signal systems. So it would affect our ability to provide that safe, reliable service on an ongoing basis.

Senator MENENDEZ. And if you had to draw down the—\$2.6 billion, is it?

Mr. PRENDERGAST. \$2.5.

Senator MENENDEZ. The \$2.5 billion, and you do not get a significant Federal response toward that, you are going to have to pay those off.

Mr. PRENDERGAST. We are increasing the debt service to be able to do that, yes.

Senator MENENDEZ. And if you increase the debt service to do that, short of getting greater ridership, you are ultimately looking at the possibility of a fare increase.

Mr. PRENDERGAST. Yes, and we just are going forward with a fare increase right now according to the budget we had planned for both operating and capital needs, and that would have to be revisited.

Senator MENENDEZ. How about in the case of New Jersey Transit?

Mr. WEINSTEIN. Mr. Chairman, if we did not get the money that we are asking for, or close to it, we are not going to be able to make the repairs and, more importantly, the mitigation improvements. That is going to leave our system vulnerable for the next storm, and we noticed now that we are getting 100-year storms every year. And I feel a particular sensitivity at this point in light of the fact that our largest maintenance facility in Kearny, New Jersey, flooded for the first time in the history of our agency.

So if we do not have that, we are going to have to make the immediate repairs that we need to run the system every day, and over an extended period of time, you know, we would probably have to make the repairs that would add the kind of resiliency. But during that time we would be exposed to the same kind of damage that we experienced in Superstorm Sandy, and the investments that we had made would be washed away, and we would be coming back to the Federal Government and to FEMA.

And, Mr. Chairman, the other point, I think, to the issue about upping estimates and on that, I think that the system and the group that Administrator Rogoff spoke about, putting the FTA and FEMA and the agency teams together, working on the development of those project costs, working on the development of those, that is a very serious effort, and it is not a frivolous effort. As somebody who is regulated by the FTA on a day-to-day basis—and you know this very well, Mr. Chairman—that agency takes how we spent Federal dollars very seriously; we take it very seriously. What we are engaged in is not a frivolous effort. It is an effort to make our system resilient so that we do not have to come back every time we have a superstorm.

Senator MENENDEZ. Mr. Foye—actually, all of you I think are involved in this, so you can all answer. Didn't we learn a lesson in a different context after September 11th that in a post-September 11th world, multiple modes of transportation are critical not just for all of the economic reasons we have talked about, not just about

getting people, the workforce, to work, getting salespeople to their venues, getting people to hospitals, getting people to home, getting people to recreation, but, in fact, on that fateful day when every system of transportation was shut down, it was ferries that got people out of Lower Manhattan into New Jersey hospitals. So it sent us a lesson, I think, that the importance of multiple modes of transportation, in addition to all the normal reasons we accept, is also a security issue. So getting these systems up and running and getting them up and running in an efficient and safe manner is not only a driver to our economy and to our quality of life, it is also a security imperative. Would that be a misstatement?

Mr. FOYE. No, Mr. Chairman, that is exactly right. Obviously, the Port Authority was terribly impacted by 9/11, given the fact that 84 of our members died at the World Trade Center. One of the lessons of 9/11, Mr. Chairman, and Superstorm Sandy in October was that from an economic, from a national security point of view, from a homeland security point of view, the transportation system is critical, and that each of the transportation agencies—New Jersey Transit, PATH, the MTA, Amtrak—are interdependent. When one or more of them, or in this case all of them, are taken out of service, the impact on the region from an economic point of view, from a transportation point of view, but also from a public safety, national security, and homeland security point of view is magnified, Mr. Chairman, and that point is exactly right.

Mr. PRENDERGAST. I would like to add also, in addition to from a security standpoint, the integral element of the MTA Hurricane Plan, developed in concert with the city of New York, is that the MTA and its agencies are the service providers in evacuation. We are the ones that transport people in mass volumes from areas likely to see tidal surges and flooding. And without a transportation network that spans even beyond the MTA, would go in the case of New Jersey Transit and PATH, without those systems up and running before and after the storm, you could not provide for that. So it is an extremely important point.

Senator MENENDEZ. Well, thank you all for your testimony. I hope it makes the case with many of our colleagues here to understand the scope and magnitude of our challenge and why we need a strong Federal response to that challenge working with our State and regional partners.

The record will remain open for 1 week for any Member who wishes to submit any questions for the record. We would ask all of our witnesses, if they do receive questions, to please respond as expeditiously as possible. And with the thanks of the Committee, this hearing is adjourned.

[Whereupon, at 12:07 p.m., the hearing was adjourned.]

[Prepared statements supplied for the record follow:]

PREPARED STATEMENT OF SENATOR CHARLES E. SCHUMER

Thank you for taking the time to hold this hearing to discuss Superstorm Sandy's devastating impact on the Nation's largest transportation systems and efforts to rebuild our infrastructure. I'd like to especially thank Chairman Menendez and Ranking Member Vitter for holding this hearing today and for their continued support during these difficult times.

New York State suffered nearly \$7.3 billion in transportation-related and \$9.6 billion in housing-related damages due to Superstorm Sandy. Over 300,000 households in New York have experienced damage to their home because of Sandy's high winds, heavy flooding and storm surge.

Neighborhoods like Breezy Point Queens lost over one hundred homes alone due to a fast-moving fire that was sparked thanks to Sandy's swift winds, not to mention the many more that were lost in that region due to significant flooding. I personally toured the Red Hook Houses in Brooklyn, New York—one of New York City Housing Authority's oldest developments and among the nearly 40,000 units of public housing that lost power, running water, and heat for weeks after Sandy hit.

While communities and neighborhoods are slowly picking up the pieces after Sandy, they cannot do it alone. Congress must not shirk from its responsibilities. Congress could provide immediate assistance to localities impacted by Sandy by funding the Community Development Block Grant CDBG adequately and ensuring flexibility with the program.

Of the total transportation-related damages, the New York Metropolitan Transportation Authority sustained approximately \$5 billion in damages after its system was inundated with storm surge. As many of you know, the MTA is the largest public transportation system in the country and lifeblood of the New York metropolitan region. From New York City through Long Island, southeastern New York State and Connecticut, MTA's subways, buses and railroads provide New Yorkers with approximately 2.63 billion trips a year.

While the MTA took all necessary precautions in preparation for Sandy, this 108 year-old system has never been subjected to a storm of this size or magnitude. To their credit, the MTA smartly put up temporary barriers placed in front of subway entrances for stops along the system. In many cases, they worked. But in other areas, like at the South Ferry Station, these barriers were knocked over by Sandy's high winds and flying debris, causing stations to become inundated with salt water.

Overall the MTA sustained: 8 flooded subway tunnels and 2 flooded vehicular tunnels; 12 subway stations including the South Ferry Station are badly damaged or completely destroyed; an entire subway bridge and rail line serving the Rockaways in Queens no longer exists; 15 miles of damaged or destroyed signaling; entire rail yard and maintenance shops were underwater and are damaged; 80 of the general stock equipment has been depleted.

Amazingly, despite the immense damage sustained by the MTA a large amount of service was recovered within a week of the storm because of the dedication and commitment of the MTA staff. There is no doubt in my mind that if Congress gives the MTA the right tools and adequate resources, this system can be back up and running as good as new. But the MTA is prohibited from entering into contracts for any capital project without a funding commitment that ensures that the full terms of the contract will be met. In order to move forward with the MTA's rebuilding effort, Congress must act in passing a comprehensive supplemental appropriations bill so that critical restoration work can begin.

And as MTA continues to work to restore its system again, Congress should fund programs like the FTA's Emergency Repair program to ensure that mitigation is also a strong factor in the rebuilding effort. It does not make good fiscal sense for Congress to pay to fix our broken infrastructure—which we know we are legally required to do—without paying a little more to protect that investment and prevent similar costly damage in the future. New York has no choice: we must simultaneously rebuild and adapt to protect against future storms. We are a waterfront city and a waterfront State. It has become abundantly clear we are in the path of violent new weather realities. The modern infrastructure that powers and moves New York was not built to withstand Mother Nature's wrath in this rapidly changing climate.

Congress must act now to support our critical infrastructure systems like the MTA. We cannot wait any longer. I thank the Chair and the Committee for this opportunity.

PREPARED STATEMENT OF PETER ROGOFF

FEDERAL TRANSIT ADMINISTRATOR, FEDERAL TRANSIT ADMINISTRATION

DECEMBER 20, 2012

Mr. Chairman, Ranking Member DeMint, and Members of the Subcommittee:

Thank you for inviting me to appear before you today to discuss Hurricane Sandy's devastating impact on public transportation systems and to discuss the Obama administration's budget request for assistance through the Federal Transit Administration's (FTA) newly authorized Public Transit Emergency Relief program.

Hurricane Sandy triggered the worst transit disaster in U.S. history. On the Tuesday morning following the storm, more than half of the Nation's daily transit riders were without service. Even in the days that followed, as services in Boston, Philadelphia, Baltimore, and Washington, D.C. came back on line, 37 percent, or well over one-third, of the Nation's public transit riders still had no access to regular train or bus service. In the days that followed, the heroic efforts of thousands of transit and utility workers throughout the region allowed services to be brought back up incrementally. But, even today, there are passengers in the Rockaways and those who typically take the PATH trains from Hoboken Terminal into Lower Manhattan who are waiting to return to their normal commuting pattern.

We applaud the outstanding and tireless efforts demonstrated by emergency responders throughout the region who have worked together with the Metropolitan Transportation Authority (MTA), the Port Authority of New York and New Jersey, Amtrak, New Jersey Transit and others in the weeks since the storm to restore as much service as possible, as quickly as possible. Even before the storm hit the impacted region, the leadership of the U.S. Department of Transportation (DOT) and the FTA were in careful and regular communication with the leadership of the responsible transportation agencies throughout the region.

Following the superstorm, the FTA worked closely as part of the larger DOT effort to develop a rapid-response strategy to assist transit providers in the short-run, while laying the foundation for the responsible administration of Federal-aid funds in the months ahead. Among the steps the FTA has taken thus far:

- FTA worked with the Federal Emergency Management Agency (FEMA) through the General Services Administration's Federal Acquisition service to procure 250 buses to temporarily replace lost rail service in New Jersey. This enabled commuters to take buses to ferry terminals or directly to Manhattan.
- FEMA issued FTA two mission assignments directing FTA to oversee and engage its project management oversight contractors to conduct continuing damage assessments and cost-validation work for both operating and capital costs associated with restoring and rebuilding transit capacity. These early joint efforts with FEMA are expected to allow us to compensate the impacted transit agencies promptly once assistance is made available by Congress.
- FTA worked with the Chicago Transit Authority to secure hard-to-find but essential equipment so that PATH service could be restored between New Jersey and New York.
- FTA drew upon its regional staff to stand up a Regional Emergency Response Coordinator for the New England Region to support the DOT's Emergency Support Function 1 under the National Response Framework. This provides daily on-the-ground monitoring and contact with the affected agencies to obtain a real-time view of challenges, needs, and progress.
- FTA repositioned staff to Joint Field Offices in New York and New Jersey to assist State and local governments and other infrastructure owners in the effort to restore transportation service.

We believe these are all important steps in the right direction, but a great deal of work remains to be done as we move into the recovery and rebuilding phases of the disaster.

Thankfully, President Obama has responded to the needs of the region by promptly requesting resources to aid in the recovery of the region.

In total, the Administration's Supplemental Appropriations Request for Disaster Assistance seeks \$60.4 billion in Federal resources for response, recovery, and mitigation related to Hurricane Sandy damage in all affected States. This includes efforts to repair damage to homes and public infrastructure and to help affected communities prepare for future storms.

The DOT's share of the President's total request is \$12.07 billion, of which \$370 million supports restitution of highways and bridges, aviation, and freight railroad infrastructure. The majority share—\$11.7 billion—would be directed to the FTA to

repair and replace the affected public transit infrastructure and make it far more resilient.

The FTA's \$11.7 billion request reflects two important and related purposes:

First, based on our ongoing cost-validation work with FEMA, FTA is requesting that \$6.2 billion be directed to FTA's newly established Public Transportation Emergency Relief Program to aid in the repair and restoration of public transportation infrastructure in the New York City metropolitan area destroyed or damaged by Hurricane Sandy, including infrastructure controlled by the MTA, the Port Authority, New Jersey Transit, and the New York City Department of Transportation, as well as other transit providers throughout the impacted region. I want to thank the Senate Banking Committee for its leadership in establishing this program in response to the Administration's budget request and my testimony before the Committee on May 19, 2011. I am also grateful to the Senate Appropriations Committee for responding to President Obama's request for aid by proposing \$10.78 billion in appropriations for the program. The support of both committees was both timely and prescient.

The Public Transportation Emergency Relief program was created in the Moving Ahead for Progress in the 21st Century Act (MAP-21) (Public Law 112-141)—the surface transportation reauthorization enacted on July 6, 2012. In the past, assistance for transit agencies to respond to and recover from Stafford Act disasters has typically been provided through FEMA. FTA's Emergency Relief program addresses recommendations made by the Government Accountability Office in 2008 that DOT should evaluate the feasibility of options to increase FTA's authority to provide financial disaster assistance to transit, noting that FTA has the capability to fulfill those roles and responsibilities; sufficient experience in dealing with needs of public transit providers and Federal transit assistance; and can target emergency relief funds to transit providers with the greatest needs.

MAP-21 requires that DOT and FEMA work in concert to make sure that the use of emergency funds are coordinated. FTA's mission assignment from FEMA offers an opportunity to reach a single cost estimate for each damaged asset, or set of assets, which can then serve as the basis for reimbursement by the FTA Emergency Relief program.

The FTA's \$6.2 billion funding request assumes that a non-Federal match of 10 percent will be required and that funding will not be used to supplant third-party insurance coverage. In addition, an appropriate set-aside should be provided for transfer to the DOT's Inspector General for oversight of spending provided for Hurricane Sandy response and recovery, and an appropriate take-down must be provided for FTA's oversight and administrative expenses.

It is extremely important that going forward, we rebuild our public transit and other transportation systems with greater resiliency, so they are able to better withstand powerful natural and man-made disasters. This also entails building greater redundancy into public transit and other transportation systems, to ensure that viable alternatives are available when primary systems—like the New York subway—are crippled.

Therefore, the second component of the FTA's funding request is for \$5.5 billion to support resiliency investments to make the region's transportation infrastructure able better withstand and recover from coastal flooding and other weather-related challenges.

This will entail not only excellent financial stewardship, transparency, and accountability, but also unprecedented cooperation with our counterparts in numerous Federal departments and at the State and local level.

Regional cooperation will be critically important for identifying the right resiliency investments. To foster greater regional cooperation and information-sharing and analysis, and address these challenges in a coordinated fashion, President Obama on December 7, 2012 created the Hurricane Sandy Rebuilding Task Force (Executive Order 13632), and appointed Department of Housing and Urban Development (HUD) Secretary Shaun Donovan as chairman. As President Obama stated on standing up this Task Force:

A disaster of Hurricane Sandy's magnitude merits a comprehensive and collaborative approach to the long-term rebuilding plans for this critical region and its infrastructure. Rebuilding efforts must address economic conditions and the region's aged infrastructure—including its public housing, transportation systems, and utilities—and identify the requirements and resources necessary to bring these systems to a more resilient condition given both current and future risks.

In anticipation of these objectives, Deputy Transportation Secretary Porcari and I hosted a meeting with HUD Secretary Donovan last week in New York City to

jump-start the local process on coordination of resiliency investments. We met with executives of Amtrak, the MTA, New Jersey Transit, and the Port Authority of New York and New Jersey to discuss resiliency investments and the need for multi-agency collaboration with the Task Force under Secretary Donovan's leadership.

All of these initial efforts set the stage for making the necessary investments to rebuild our infrastructure and defend it against future incursions. As regional response plans are formulated, with guidance and assistance from FTA and other Federal agencies in partnership with State, and local entities, they will be instrumental in presenting options that can be ranked by their estimated cost-effectiveness, and developed in coordination with the Task Force.

As the Office of Management and Budget (OMB) has reported, current projections are that Sandy is on track to be the second or third most costly natural disaster in U.S. history, behind Hurricane Katrina (2005) and close to Hurricane Andrew (1992). The setback to our public infrastructure was extremely severe. In Manhattan alone, all seven subway tunnels under the East River flooded, as did the Hudson River subway tunnel, the East River and Hoboken River commuter rail tunnels, and the subway tunnels in lower Manhattan. The South Ferry transit terminal, rebuilt and modernized with significant Federal assistance within the last 3 years, was virtually destroyed.

We cannot, as a Nation, afford to be caught unprepared time after time as events like these befall us with little warning. We must prepare, and be prepared, to protect and preserve the public transportation infrastructure and other assets that the United States depends on to move people and goods, maintain the free flow of commerce, and drive our economy forward.

The havoc wreaked by Hurricane Sandy was a tragedy and also a wake-up call. It brought into sharp focus the need for us as a Nation to do a better job of building public transportation systems—and all of the infrastructure our economy depends on—to withstand strong physical forces. As Deputy Transportation Secretary Porcari has said, our watchwords must be resilience, redundancy, and regionalism.

FTA and DOT will continue to work with all partners at the table—Federal, regional, and local—to recover from this disaster and apply new lessons learned for the future. And we are committed to ensuring all Federal resources appropriated to us are used responsibly and that the recovery effort is a shared undertaking.

Thank you, Mr. Chairman and Members of the Subcommittee, for inviting me to testify today. I would be happy to respond to any questions you may have.

PREPARED STATEMENT OF YOLANDA CHAVEZ

DEPUTY ASSISTANT SECRETARY FOR GRANT PROGRAMS,
OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

DECEMBER 20, 2012

Chairman Menendez, Ranking Member DeMint, and Members of the Subcommittee, thank you for the opportunity to testify today regarding recovering from Superstorm Sandy and rebuilding the housing and transportation infrastructure in the affected region. I have served for more than 3 years as Deputy Assistant Secretary for Grant Programs in the Office of Community Planning and Development at the Department of Housing and Urban Development (HUD). In that role, I am responsible for overseeing key programs that promote affordable housing and community development, including the Community Development Block Grant (CDBG) program, the CDBG–Disaster Recovery (CDBG–DR) grants, and the HOME Investment Partnerships program. These grants, particularly the CDBG–DR program, have played a critical role in helping communities recover from and rebuild after natural disasters like Superstorm Sandy.

In my testimony today, I will cover four subjects: 1) the damage caused by Superstorm Sandy, particularly to housing infrastructure; 2) HUD's participation in the ongoing response and recovery efforts; 3) the longer term rebuilding efforts with respect to Sandy, including the role of HUD and the special role of HUD Secretary Shaun Donovan under the President's Executive Order; and 4) the supplemental appropriations request that the Administration has submitted and which is currently under consideration by Congress.

The Impact of and damage caused by Superstorm Sandy

Hurricane Sandy and the nor'easter that followed have had immense and varied impacts in New York, New Jersey, Connecticut, West Virginia, Maryland, and a number of other States. Within the United States, the hurricane itself resulted in

121 confirmed fatalities, major flooding, structural damage, and power loss to over 8.5 million homes and businesses, directly affecting more than 17 million people as far south as North Carolina, as far north as New Hampshire, and as far west as Indiana. Especially hard hit were New York and New Jersey, which are critical economic engines of our Nation. These two States employ 12.7 million workers, accounting for about 10 percent of U.S. payroll employment. They export about \$90 billion in goods annually, accounting for about 7 percent of such exports, and contributed \$1.4 trillion to our gross domestic product (GDP) in 2011, accounting for more than 11 percent of GDP. Thus, recovery and rebuilding is not only a State and local priority, but a crucial national priority as well.

Unfortunately, one of the major effects of storms like Sandy is destruction and damage to the homes and apartments where people live, and the displacement of numerous families and individuals. Excluding second homes, more than 150,000 housing units experienced substantial flooding as a result of Sandy, meaning that work on housing will be an early, continuing, and crucial part of the recovery and rebuilding effort. In New Jersey, over 44,000 primary residences had flooding, more than half with over 1 foot of flooding in the first floor. We estimate around half of the damaged primary residences in New Jersey were occupied by low and moderate income households.

But this is more than just damaged homes; this is also about the fabric that makes our communities work. Every county in New Jersey, for example, was a Presidentially declared disaster area. Our research staff has identified approximately 500 neighborhoods in New York, New Jersey, and Connecticut where more than 20 percent of the homes were damaged, more than 175 of these in New Jersey. When large numbers of units in a neighborhood are impacted, recovery takes longer, and families and communities need to make hard decisions about if, how, and where they should rebuild.

HUD's participation in ongoing response and recovery efforts

HUD has played a significant role in response to and recovery from past major storms, and is doing so with respect to Sandy as well.

Before I describe some of HUD's activities, it is important to note the unprecedented cooperation that is taking place among Federal, State, local, and tribal authorities. HUD, FEMA and other parts of the Department of Homeland Security (DHS), as well as the Departments of Transportation and Health and Human Services plus the Small Business Administration and the Army Corps of Engineers, are all in place and working together. We are all coordinating our work with State, local, and tribal officials, who are doing a truly herculean job on the response and recovery. The private sector has been deeply involved as well. This unprecedented level of cooperation and partnership will ensure that we continue to speed recovery resources and provide related assistance to the most affected areas.

For example, within a week after Sandy hit there were almost 15,000 Federal responders on the ground from FEMA, the National Guard and the Army Corps of Engineers, HUD, Department of Transportation, and HHS, as well as tens of thousands of utility workers from across the Nation. In the weeks since the storm, FEMA has approved nearly \$2.7 billion in emergency assistance.

A key HUD priority has been providing *immediate help to storm-displaced families to find temporary replacement housing*, whether they were displaced from private or government-assisted housing. We have identified thousands of housing units, including more than 12,000 available units in HUD-assisted housing, and have been working to ensure that the relevant information is provided to displaced individuals. We also are allowing providers of housing for seniors the flexibility to open up vacant units to storm evacuees.

HUD has also focused on *help to persons living in and owners of HUD-assisted housing damaged or destroyed by the storm*. This includes, for example, helping to temporarily house displaced persons, getting boilers and generators to impacted developments that house low-income families, and waiving administrative requirements (while ensuring appropriate safeguards) so as to facilitate the rapid delivery of safe and decent housing to displaced public housing authority (PHA) and multi-family housing residents. We have also increased fair market rental allowances to make it easier for displaced Section 8 voucher recipients to find replacement housing.

HUD is working to *encourage the private sector to help displaced families*. Shortly after the storm, HUD Secretary Donovan reached out to several private sector organizations to encourage their involvement in this effort, and a number have stepped forward at least partially as a result. This recognizes the importance of engagement by the private sector as well as government in relief efforts. For example, Angie's List is providing free, 1-year memberships to one thousand homeowners in the New

York City tri-State area to help with Sandy relief by making it easier for families to find local contractors, auto repair specialists, and health care professionals who are highly rated by other consumers. Walk Score has launched a Web site to support people in search of temporary housing after Sandy. HotelTonight recently announced a \$60,000 contribution to the American Red Cross to support relief efforts for Sandy victims, and will donate 10 percent of its net revenues in New York City for the month of November to the Red Cross for this purpose.

We have *deployed HUD personnel to help staff FEMA Disaster Recovery Centers and do other storm-related work*. This has included providing local housing resource help, program information, and other help to storm victims, mobilizing special needs providers from other States to assist families in shelters, and activating our Northeast network of field offices to communicate daily with impacted PHAs.

There are more than 200,000 homeowners with FHA-insured mortgages in the affected areas in New York, New Jersey, and Connecticut. HUD has provided *foreclosure protection for storm victims with FHA-insured mortgages through a mandatory 90-day moratorium on foreclosures*.

We are also offering *assistance to storm victims who must rebuild or replace their homes*. In particular, FHA insurance is available to such disaster victims who seek new mortgages, and borrowers from participating FHA-approved lenders are eligible for 100 percent financing, including closing costs. HUD is also directing banks to provide insurance payments they receive related to the storm directly to homeowners, in order to avoid the problem that occurred after Hurricane Katrina where some mortgage companies used some insurance payments that were supposed to be used to rebuild damaged homes for other purposes. HUD is working to get information on these and other assistance efforts to affected homeowners.

HUD is also providing *help to affected State and local governments*. Immediately after the storm, HUD hosted technical assistance conference calls with all HUD grantees. We have provided waivers of existing rules so that existing Federal CDBG and HOME funds in New Jersey and elsewhere can be used for disaster relief. Collectively, the CDBG and HOME grant programs allow grantees to meet a broad range of needs, including housing, economic development, infrastructure, and the provision of public services. We are also working with State and local governments and tribes to develop interim housing plans and to provide loan guarantees for housing rehabilitation.

The role of HUD and Secretary Donovan's role as designated by the President concerning Federal rebuilding efforts

As you know, on November 15, President Obama announced that HUD Secretary Donovan will lead coordination of the Federal action relating to Superstorm Sandy rebuilding efforts, and issued an Executive Order on December 7 providing that he will serve as chair of the Hurricane Sandy Rebuilding Task Force. This role is different from and in addition to the role that Secretary Donovan usually carries out with respect to disasters as HUD Secretary. In understanding the Secretary's role in relation to the National Disaster Recovery Framework (NDRF), it is important to understand the NDRF and how it was developed.

Early in his first term, President Obama recognized that previous experience concerning Hurricane Katrina and other disasters highlighted the need for additional guidance, structure, and support to improve how we as a Nation address disaster-related recovery and rebuilding challenges. In September 2009, President Obama charged the Departments of HUD and Homeland Security to work on this effort and to establish a Long Term Disaster Recovery Working Group, composed of more than 20 Federal agencies. HUD, DHS, and the Working Group consulted closely with State and local governments as well as experts and stakeholders, and worked on improving the Nation's approach to disaster recovery and on developing operational guidance for recovery efforts. As a result, FEMA published a draft of the NDRF in 2010, carefully reviewed and considered more than one hundred public comments, and the final version of the NDRF was published in September, 2011.

The NDRF addresses the short, intermediate, and long-term challenges of managing disaster-related recovery and rebuilding. It recognizes the key role of State and local governments in such efforts, and sets forth flexible guidelines that enable Federal disaster recovery and restoration managers to operate in a unified and collaborative manner and to cooperate effectively with State and local governments. The NDRF defines core recovery principles; roles and responsibilities of recovery coordinators and other stakeholders; flexible and adaptable coordinating structures to align key roles and responsibilities and facilitate coordination and collaboration with State and local governments and others; and an overall process by which communities can capitalize on opportunities to rebuild stronger, smarter, and safer after a disaster.

Under the NDRF itself, HUD plays an important role in recovery from disasters like Sandy. It is involved in carrying out several Federal recovery support functions, which provide the coordinating structure for Federal efforts to support State and local governments and tribes by facilitating problem solving, improving access to resources, and fostering coordination among all participants in recovery efforts. Under the NDRF, HUD is the coordinating agency for the housing recovery support function, and is charged with coordinating and facilitating the delivery of Federal resources and activities to assist local, State and Tribal governments in the rehabilitation and reconstruction of destroyed and damaged housing and the development of other new accessible, permanent housing options, where feasible.

In addition, because Sandy will be one of the most devastating and costly disasters in our history, the President recognized that responding to this disaster required an additional focus on rebuilding efforts coordinated across Federal agencies and State, local, and Tribal governments in order to effectively address the enormous range of regional issues. Accordingly, the President signed the Executive Order creating the Hurricane Sandy Rebuilding Task Force and designating the Secretary of HUD to be the chair.

The Secretary's responsibilities in this role will occur in coordination with the NDRF and will involve cooperating closely with FEMA and the other agencies already involved in recovery efforts. The focus will be on coordinating Federal support as State and local governments identify priorities, design individual rebuilding plans, and over time begin implementation. The Secretary will be the Federal Government's primary lead on engaging with States, tribes, local governments, the private sector, regional business, nonprofit, community and philanthropic organizations, and the public on long-term Hurricane Sandy rebuilding.

Secretary Donovan has explained that the Task Force will not seek to impose a one-size-fits-all solution on localities. Instead, with the expertise of virtually the entire cabinet represented, it will provide leadership and connections that actively support local visions and rebuilding efforts. It will have four major responsibilities:

First, and most important, it will coordinate with all stakeholders to support cohesive rebuilding strategies and develop a comprehensive regional plan within 6 months of its first meeting. It will share the best practices of recovering communities, creating a vision for long-term rebuilding by State and local stakeholders—a vision that will be supported by more thoughtful planning and a focus on resilient rebuilding that addresses not only existing but future risk and long-term sustainability of communities and ecosystems.

Second, it will identify and work to remove obstacles to effective rebuilding efforts, particularly by helping State and local governments and tribes as they seek Federal assistance for longer term projects.

Third, it will develop a plan for monitoring progress in rebuilding efforts. At a moment like this, because Americans are anxious about the recovery, they have little patience for ineffectiveness or waste.

Finally, the Task Force will facilitate the offering of technical assistance and tools—providing critical support as those on the ground realize their vision for rebuilding and redevelopment.

Work on the structure and functioning of this new effort is proceeding rapidly. Secretary Donovan has already met with a number of the most directly affected Federal, State, and local officials, and I know he is looking forward to working with this Subcommittee and other Senators and Representatives on this important effort.

The request for supplemental disaster assistance

Rebuilding must be a community driven effort, with a community-based vision at its heart. But supporting that vision through financial means is a key part of the Federal role—one that has consistently been provided by the Federal Government for communities experiencing disaster.

On December 7, the President delivered to Congress a request for \$60.4 billion in supplemental assistance to aid in Sandy recovery and rebuilding. The request includes funds for transportation, support for the Small Business Administration and its disaster loan program, CDBG-DR funds to be provided to communities, and a range of other critical priorities.

The Administration issued a Statement of Administration Policy on December 17 in support of the Senate legislation providing supplemental appropriations for fiscal year 2013 to respond to and recover from the severe damage caused by Superstorm Sandy. We look forward to working with the Congress to refine this legislation. The Senate measure will provide the necessary resources to continue ongoing response and recovery efforts, while helping impacted communities effectively mitigate future risk of disaster to prevent losses of this magnitude from recurring. Hazard mitigation is not just sensible, but it is also cost effective. The Multihazard Mitigation

Council examined 10 years of FEMA mitigation grants data and found that mitigation efforts offer a 4 to 1 dollar return on investment by preventing future damage.

Given the emergency and one-time nature of the proposed supplemental appropriation, and in keeping with the response to Hurricane Katrina, Deepwater Horizon, and other disasters, the Administration supports the decision to not offset these funds. The proposed funding meets the definition of emergency funding that should not be offset, as set forth in the Balanced Budget and Emergency Deficit Control Act of 1985, because it is sudden, urgent, unforeseen, temporary, and needed for the prevention or mitigation of, or response to, loss of life or property. The Administration remains committed to balanced deficit reduction, and it believes that the Executive and the legislative branches can come together to achieve that, while ensuring that communities damaged by Sandy have the support they need to recover and rebuild.

The proposed supplemental appropriations include \$17 billion for CDBG–DR disaster funding. As we have seen with respect to previous disasters, such CDBG funding offers important flexibility and effectiveness in responding to disasters. Previous uses of CDBG disaster funding have included, for example:

- The State of Louisiana used CDBG–DR funds to leverage private equity investment and Low-Income Housing Tax credits to produce rental housing, spending more than \$500 million that has produced 6,780 rental housing units, 58 percent of which are affordable housing.
- The State of Indiana budgeted approximately \$40 million in CDBG–DR funds to rebuild and mitigate damaged infrastructure following 2008 flooding. As a result, water and wastewater facilities in the town of Hope were rebuilt safer and stronger, and the facilities have continued operation without disruption despite subsequent severe storms.
- The State of Iowa budgeted some \$260 million toward voluntary buyout of homes and commercial properties within the floodplain, resulting in the acquisition of more than 2,075 properties.
- The State of Louisiana supplemented its small business loan program with \$43 million in CDBG–DR funds to provide technical assistance to help businesses get back on their feet and maximize the impact of their loans. To date, more than 3,000 businesses have been helped.

HUD has been a partner with State and local governments in the recovery efforts of several of the States in the region affected by Sandy. New York, New Jersey, and Rhode Island have CDBG disaster recovery experience and know the recovery grant process. New York and New Jersey received a 2011 CDBG–DR grant following Hurricane Irene, prepared CDBG disaster recovery action plans for that grant, and are expending the funds. Rhode Island, West Virginia, and Maryland have also received CDBG disaster recovery grants as a result of past hurricanes and flooding.

Our experience with CDBG–DR also demonstrates the importance of early appropriations so that it is clear that the funds will be available and planning efforts encompass the full range of needs. For example, major infrastructure investments take time to spend out due to design, permitting and staging requirements, but governments receiving CDBG–DR funds are highly unlikely to proceed with these efforts without assurance that they have funding to implement the projects. The assured availability of these funds is crucial to ensure that workers can be hired and other commitments can be made to move projects forward.

Providing the requested Federal funding for response, recovery, rebuilding, and mitigation following Superstorm Sandy will maintain the Nation's tradition of pulling together to help one another in times of greatest need. The Administration looks forward to working with Congress on the legislation and urges Congress to pass a supplemental appropriations bill as soon as possible to give affected States and communities the support they need to recover and rebuild.

Thank you again for the opportunity to testify today. I would be pleased to answer any questions you may have.

PREPARED STATEMENT OF JAMES WEINSTEIN
EXECUTIVE DIRECTOR, NJ TRANSIT CORPORATION

DECEMBER 20, 2012

Good morning Mr. Chairman and Senators.

Thank you for the opportunity to appear before you today to outline the unprecedented damage Superstorm Sandy inflicted on NJ TRANSIT and, just as importantly, to describe the need to rebuild a more resilient transit system for the future.

NJ TRANSIT is the Nation's second-largest transit agency, and Sandy hit us hard. NJ TRANSIT took sound steps to mitigate potential harm. Nonetheless, the transit system suffered extraordinary damage to critical bridges, electrical substations, track and signal systems, and rolling stock.

In addition, under Governor Chris Christie's leadership, we worked with the Federal Emergency Management Agency, the Federal Transit Administration and other partners to immediately implement extensive interim emergency bus, ferry and other services to continue to deliver essential regional transportation services while the region's transit systems were being restored.

But Mr. Chairman, Sandy has shown we cannot merely restore our rail and other infrastructure to its previous state. That would only leave us vulnerable to the next superstorm.

We must go further and make the rail and other transit modes more resistant in the face of future superstorms. Those steps will require additional resources. We have identified some \$1.2 billion in resiliency and restoration needs—resiliency projects that would be eligible under the Federal Transit Administration's Emergency Assistance program. Moreover, these projects are targeted to improve the transit system's ability to withstand storms of all types, not just superstorms that mimic Sandy's punishing surge.

Let me outline a few of these projects for the Committee now.

As you may know, more than 300 rail cars and locomotives were damaged during Superstorm Sandy. To prevent that from ever occurring again, our top priority is ensuring we have sufficient, stormproof rail yards to safely store locomotives and train cars, out of the reach of flood waters and also out of harm's way from falling trees, electrical wires, utility poles and other storm-driven debris.

To that end, we estimate it will cost some \$500 million to construct new rail yard and inspection facilities, including a new yard at a site along the Northeast Corridor in New Brunswick that is currently owned by Amtrak. This facility will provide a centrally located site for safe storage, and allow locomotives and rail cars to be rapidly re-inspected and put back into service once a storm passes.

The Meadows Maintenance Complex in Kearny—the “MMC,”—is our prime rail inspection, maintenance and repair facility, and is also a major site for rail equipment storage. The Rail Operations Center called the “ROC,” sits in the same complex and is the central nervous system for the railroad, controlling all dispatching and signaling system-wide. We are seeking \$200 million to raise power and other systems for the MMC and the ROC above foreseeable flood levels, as well as to install beams and other anti-flood control structures, so that we can safeguard the most critical portions of the complex, and ensure that the parts, generators, and repair machinery and other equipment at the MMC can ride out any storm in place, as they must.

Mr. Chairman, Sandy badly flooded the historic Hoboken Terminal, as well as portions of the Frank R. Lautenberg Station in Secaucus. We estimate it will cost \$125 million to restore and strengthen these and other key locations against storms. This money will fund projects involving both temporary and permanent flood and storm water controls.

Sandy was at her most wrathful along the Jersey Coast. I'm sure you saw the pictures of boats and even metal shipping containers left on our North Jersey Coast Line rail bridges by the storm. Sandy also ruined electrical substations along the coast and in Hudson County and elsewhere which are vital for supplying the catenary wires that power our electric trains.

So we are seeking \$275 million to restore the Coast Line, and construct seven new, raised electrical substations and to improve the Coast Line's resiliency by constructing sea walls by bridges, building sheathing to prevent washouts at bridge approaches and raising bridge control houses.

Mr. Chairman, you are very familiar with our light rail systems. Both Hudson Bergen and the Newark Light Rail were impacted heavily when flood waters rushed in. Repairing the light rail systems and making them more resilient will cost an estimate \$25 million.

Finally, we are seeking \$75 million to cover the cost of substitute bus and ferry emergency service provided after the storm, as well as to restore, expand and enhance communications during a disaster. Real-time communications are vital, whether our customers are at a station, on a train, on a bus, on the Internet or using a smart phone. This is not only a customer service issue; it is a safety issue, whether a disaster is a result of Mother Nature or an act of man.

Mr. Chairman, we recognize that there will be local match requirements for the funding we are seeking and we are fully prepared to work with our local Metropolitan Planning Organization partners to make whatever changes are needed to our existing capital program. We are also ready to expedite implementation of these projects, including by using fast track design-build contracting.

Mr. Chairman, I would note that these cost estimates are just that—estimates that may well evolve over time as we progress the work that lies ahead. Before I close, I want to thank Administrator Rogoff and the FTA, as well as the leaders and staff at FEMA and the U.S. Department of Transportation for their assistance and support during this trying time. They have been true partners in the recovery effort. And I want to thank Gov. Christie, for his continued emphasis on bringing New Jersey back to a state of normalcy for the people of the Garden State.

I also want to again express my thanks to our hundreds of thousands of daily customers, for their patience and understanding while NJ TRANSIT, and, indeed, the entire State of New Jersey continues to rebuild after Sandy.

Finally, I want to thank you, Mr. Chairman and the Committee for your interest and for the opportunity to speak today. Repairs and resilience both take funding. Money invested in preventing future storm damage will limit the bill for future storm relief—as well as ensuring that our transit systems have a better chance of avoiding service interruptions.

We appreciate the Committee's interest and any assistance the Committee, Congress and Administration can provide in helping us renew New Jersey's transit system, and improve it for the future.

Thank you and I will be happy to answer any questions you might have.

PREPARED STATEMENT OF THOMAS F. PRENDERGAST

PRESIDENT, MTA NEW YORK CITY TRANSIT
METROPOLITAN TRANSPORTATION AUTHORITY

DECEMBER 20, 2012

Good morning, Chairman Menendez, Ranking Member DeMint, Senator Schumer and other Members of the Committee. Thank you for holding this hearing and inviting me to testify today. I'm Tom Prendergast, President of the MTA's New York City Transit. The New York MTA is the largest transportation provider in the country.

Every day, the MTA moves more than eight and a half million people—reliably, affordably, and safely on our subways and buses, the Staten Island Railway, Metro-North Railroad, and the Long Island Rail Road. Our seven bridges and two tunnels carry nearly 300 million vehicles a year.

The MTA is one of the few transit systems in the world that operates 24 hours a day, 7 days a week, 365 days a year. And along with the other transportation networks represented on this panel, we are the lifeblood of a \$1.4 trillion dollar regional economy—the largest in the country, making up 11 percent of the Nation's GDP.

About 2 months ago, however, our region came to a complete standstill in the aftermath of Superstorm Sandy—a disaster that brought our system to its knees. For the second time in our 108-year history, the MTA shut down all service. And despite unprecedented preparations, we sustained damage on a level we have never experienced.

Today, most of our customers are seeing service, but our workers are seeing another reality—a fragile system that's safe but extremely vulnerable. The subway line and the bridge connecting the Rockaways Peninsula and the rest of Queens have completely washed away. The subway tunnel for the R train connecting Brooklyn and Manhattan still isn't operational. We have subway lines running at longer headways, resulting in longer commutes and severe crowding. We've drawn down about 80 percent of our replacement equipment. The useful life for many of our signals, switches, and relays has depleted exponentially.

We estimate nearly \$5 billion dollars in immediate repair needs left in Sandy's destructive wake, and billions in project needs to protect our system from future flooding. And we will repair and rebuild our system as quickly as possible—our 8.5 million customers are counting on it.

We've already spent hundreds of millions of dollars to restore service as quickly as possible. And just yesterday, our Board approved for us to move forward in selling \$2.5 billion dollars in Bond Anticipation Notes that will be used for rebuilding.

But we are simply not able to shoulder this incredible burden on our own and we cannot fully undertake these financing efforts without knowing what Congress

plans to do. A Federal commitment is needed to ensure that we can rebuild and we build back stronger.

Once a Disaster Relief Supplemental Appropriations bill is signed into law, we are prepared to immediately enter into contracts to begin the projects that are essential to our riders. Projects such as:

- Restoring the South Ferry/Whitehall Street subway station;
- Restoring the Rockaway line;
- Repairing and replacing damaged signal equipment, including switches and relays, and restoring our damaged vents, pumps, and communications equipment; and
- Repairing the roadway structure, ventilation, and communications equipment in the Queens Midtown and Hugh L. Carey Tunnels.

And as we work to bring our system back to normal, we must also make the necessary investments to protect this 108-year old system from future storms. We must rebuild smarter.

Manhattan's South Ferry subway station is a perfect example. This station, which was destroyed during the 9/11 attacks, reopened in 2009. The station cost over \$500 million to rebuild and it serves over 30,000 riders every day. It was completely destroyed, again, this time by Sandy. This station, eight stories underground, was completely filled from floor to ceiling with corrosive salt water. We estimate that rebuilding the station will cost the MTA around \$600 million dollars. The last thing we want to do is to come back to Congress for another \$600 million after the next storm hits but we will if we have to. It is in the best interest of the American tax payers to protect this critical station and other large Federal investments or we could be here again seeking billions of dollars to repair our system.

As Superstorm Sandy demonstrated, when the MTA shuts down, the Nation's largest regional economy shuts down. It's absolutely critical that we make the necessary investments to protect the South Ferry station and the MTA's 108-year old assets from future storms. Failing to protect these assets places the region's \$1.4 trillion dollar economy, representing 11 percent of the Nation's GDP, at risk.

Our needs are great. But this is clearly much more than a New York story, or a New York need. This is a national issue . . . a national need. And we need the Federal Government's help—not only to get us on the road to recovery, but also to protect New York and our Nation's economy in the future.

Once again, Chairman Menendez, thank you for holding this important hearing and for giving me the opportunity to testify before the Committee. I welcome any questions you may have.

PREPARED STATEMENT OF PATRICK J. FOYE

EXECUTIVE DIRECTOR, THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

DECEMBER 20, 2012

Chairman Menendez, Ranking Member DeMint, Senator Schumer, and Members of the Committee, thank you for holding this important hearing.

I am Pat Foye, Executive Director of the Port Authority of New York and New Jersey.

Chairman Menendez and Senator Schumer, on behalf of the Port Authority of New York and New Jersey, I thank you both for your ongoing support of the Port Authority and for the people of our region.

I also want to thank Governors Andrew Cuomo of New York and Chris Christie of New Jersey for their strong leadership before, during and after Superstorm Sandy.

For those unfamiliar with our agency, the Port Authority operates what is arguably the most important multi-mode transportation network in the world.

Our transportation assets feature:

- the busiest airport system in the country, including JFK, LaGuardia, and Newark airports;
- four interstate bridges, among them the George Washington Bridge, which is the busiest vehicular crossing in the world;
- the Holland and Lincoln tunnels that link New York and New Jersey;
- the Nation's busiest bus terminal, located in Midtown Manhattan;
- the largest port complex on the East Coast; and
- the bi-State commuter rail system known as PATH.

Annually, about 77 million riders take PATH, and those who rely on it will tell you it is an indispensable part of their lives. While our network is just over 13 miles long, it serves a vital link in the region, carrying passengers under the Hudson between New Jersey and New York. It is an essential artery in a region representing more than \$1 trillion in economic output; fully 11 percent of our entire Nation's GDP.

Of all our transportation facilities, PATH suffered the most severe blow in Superstorm Sandy. We took every step we could to prepare for the storm, but despite our preparations, this critical interstate link between New Jersey and New York, was completely devastated by the historic storm surge and flooding that reached over two feet above the prior 100-year flood level in Lower Manhattan.

The storm surge breached and blasted through our passenger stations and the PATH tunnels, which are ancient by many of today's mass transit standards, having been built at the turn of the last century more than 100 years ago.

The PATH network is dense and closely contained with complex tunnels interlocking underneath the Hudson. The tunnels, along with the box-like structures called caissons connecting the tunnels, contained racks upon racks of critical and decades-old signal, switching, and communications equipment that were flooded in a deluge of corrosive seawater during Sandy.

The waters damaged the signals, switching, communications, and other wayside equipment lining the tracks. Perhaps most visibly to the public, our stations themselves experienced tsunami-like conditions. Our historic Hoboken Station, one of the busiest in our system, was flooded as an enclosed elevator shaft was crushed by the strength of the floodwaters, sending millions of gallons pouring into the station.

In many of our stations, practically every wire, every circuit, every last bit of infrastructure that existed below ground was damaged, destroyed or otherwise in need of attention and repair. To compound the problem, many of the parts that Sandy destroyed are no longer manufactured because of their age and obsolescence. It has been like trying to find replacement parts for an entire fleet of Edsels in the 21st century.

Thanks to the heroic efforts of our staff and many others who came to help them, we commenced partial service restoration of the system on November 6, re-establishing service between Journal Square and 33rd Street in Manhattan. On November 12, we brought back service to Newark.

With continued round-the-clock efforts, on November 26, PATH resumed service to the World Trade Center and Exchange Place stations. And finally I am proud to say that [just yesterday], I joined PATH employees for the inaugural run of restored Hoboken service. With that, we have restored at least limited service to all of the stations in our network.

We learned during the storm that the ingenuity and dedication of our public servants is unrivaled. In the first days after the storm, one of our workers, Tom O'Neill, risked his own life to jump into several feet of murky floodwaters in a PATH tunnel to restart a pump by hand, thus preventing further flood damage. O'Neill, in his own words, "was just doing his job," and it is that attitude, that fortitude of all of our PATH employees, that continues to bring us back.

We could not have come this far on our own. Companies and factories from all over the country have helped in our recovery. In Pearl, Mississippi the employees at Trilogy Communications worked day and night, on a weekend no less, to prepare 3,200 pounds of replacement specialized communications cable for our tunnels leading to the World Trade Center.

Invensys Rail, based in Louisville, Kentucky, manufactured a replacement microprocessor for our destroyed caissons in Hoboken in record time: The process normally takes 6-9 months, but at our request, Invensys worked 24/7 to deliver the microprocessor in just 6 weeks. But with PATH still operating at less than full strength, and on partial schedules, and as NJ Transit continues its own efforts to restore full service, commutes are still badly disrupted.

What normally was a 45-minute ride home for many has now doubled in length—or worse, as commuters displaced from PATH seek alternative transit, bus or ferry service. Those with late evening shifts are still bearing the burden of limited service, having to rely on late night buses to make their way home.

We continue to rebuild and repair across our network, but as is the case for the States of New York and New Jersey, the Port Authority will need the Federal Government's help.

Simply, we are not at full strength and we have endured hundreds of millions of dollars of damage. Old electric substations have been patched together with cannibalized parts. Parts of our network are operating on so-called "manual block," with personnel communicating by radio to mark trains passing stations while our signaling systems are still under repair.

To bring our system back will require hundreds of millions of dollars. This will go immediately into signal system repairs, electric substation repairs, track-work, and communications systems, and the rehab of rolling stock that was partially submerged in salt water. We are still tallying the damage, but we now estimate that the costs to fully repair and restore the PATH system may total over \$700 million dollars—more than \$400 million than what we originally estimated to repair our system.

It is also critical that we invest in mitigation measures to protect our system from future storms so that we do not find ourselves in the same situation just a few years from now. This will include projects such as elevating portions of our track, elevating critical substations, and strengthening critical caisson rooms within our tunnels beneath the Hudson River. These mitigation measures will come at significant cost, but without them, as we have learned over the last 2 months, the costs are even higher.

Some of you know that the Port Authority receives no taxpayer money from either New York or New Jersey. We rely exclusively on user fees—the fares our passengers pay, and rents and other fees—all revenue streams that have their limitations. We are still assessing the exact costs of repair and recovery, but our needs are significant.

I urge Congress to act as soon as possible in approving recovery funding for the New York, New Jersey and Connecticut region. The final costs no doubt will be high, but the costs—should we fail to make necessary repairs and investments—are unfathomable in terms of the cost of lost productivity, a fractured transportation network, and the economic output that it powers.

Thank you for your help, and for inviting me to speak today.