

**IMPROVING AND REFORMING OUR NATION'S
SURFACE TRANSPORTATION PROGRAMS:
COLUMBUS, OHIO, FIELD HEARING**

(112-8)

HEARING
BEFORE THE
**COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE**
HOUSE OF REPRESENTATIVES
ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION

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FEBRUARY 19, 2011
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U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

John R. Mica
Chairman

Rick J. Rahall, III
Ranking Member

February 19, 2011

James W. Coon II, Chief of Staff

James H. Zeig, Democrat Chief of Staff

MEMORANDUM

TO: Members of the Committee on Transportation and Infrastructure
FROM: Committee on Transportation and Infrastructure Staff
SUBJECT: Field Hearing on "Improving and Reforming our Nation's Surface Transportation Programs: Columbus, Ohio Field Hearing."

PURPOSE

The Committee on Transportation and Infrastructure will meet on Saturday, February 19, 2011 at 10:30 a.m. in the Senate Finance Hearing Room Ohio State House located at 1 Capitol Square, Columbus, Ohio, to receive testimony related to the reauthorization of the Federal surface transportation programs. This hearing is part of the Committee's effort to reauthorize Federal surface transportation programs under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). These programs expired on September 30, 2009, but have been extended through March 4, 2011. The Committee will hear from the Ohio Department of Transportation, the Mayor of Marysville, the Ohio Kentucky Indiana Council of Governments, the Greater Cleveland Partnership, a Licking County engineer, and transportation construction companies.

BACKGROUND

Current Authorization

SAFETEA-LU, enacted in August of 2005, reauthorized Federal surface transportation programs through September 30, 2009. A series of extensions of SAFETEA-LU were enacted in the 111th Congress to continue funding authority under SAFETEA-LU program structures. The latest extension, the Surface Transportation Extension Act of 2010, Part II (Public Law 111-322), extended these programs through March 4, 2011.

Highway Trust Fund Solvency

Federal surface transportation programs are funded out of the Highway Trust Fund (HTF), which receives revenue from the Federal excise tax on gasoline and diesel fuel. The

current Federal excise tax on gasoline is 18.4 cents per gallon, 15.44 cents is deposited into the Highway Account, 2.86 cents is deposited into the Mass Transit Account, and 0.1 cent is deposited into the Leaking Underground Storage Tank Trust Fund. Of the 24.4 cents per gallon Federal excise tax on diesel, 21.44 cents is deposited into the Highway Account, 2.86 cents is deposited into the Mass Transit Account, and 0.1 cent is deposited into the Leaking Underground Storage Tank Trust Fund. The latest data show the HTF receipts totaled \$35 billion in FY 2010, with \$30.1 billion deposited into the Highway Account, and \$4.8 billion into the Mass Transit Account.

The cash balance in the Highway Account of the HTF has fallen steadily. The Highway Account had a balance of \$22.55 billion at the end of FY 2000, and by TEA 21's expiration at the end of FY 2003, the balance had dropped to \$13 billion. In September 2008, the balance in the Highway Account decreased to a level requiring Congress to transfer \$8 billion into the HTF from the General Fund. Subsequent General Fund transfers to the HTF in 2009 and 2010 totaled \$26.5 billion. At the end of FY 2010, the balance in the Highway Account had declined further to \$7.9 billion. Current projections show the cash balance in the HTF will be depleted sometime in 2013.

Innovative Financing

Revenue deposited into the HTF is not keeping up with our highway and transit infrastructure needs. Distinct from the sources of funding, transportation financing tools are used to leverage transportation funding and revenue sources, allowing transportation agencies to raise the resources needed to build projects and expedite the implementation of surface transportation improvements. These financing tools are used to expand upon the existing funding sources. Innovative financing is a broadly defined term that encompasses a combination of specially designed techniques that supplement traditional surface transportation funding and financing methods.

Innovative financing tools and private investment in financing surface transportation projects are methods that the Committee will explore to help the Federal government and states find ways to do more with less and better leverage existing revenue sources. States and localities already using innovative techniques to finance projects, including bonding, loan programs and public private partnerships, can serve as a guide for the Federal role in innovative financing.

Project Delivery

Time delays and inefficiencies in project delivery not only postpone needed improvements in our nation's transportation infrastructure but also result in increases in the cost of projects. According to the American Association of State Highway and Transportation Officials, highway and transit projects today can take ten to 15 years from the beginning planning stages to completion of construction—with up to six of those years for the environmental review process. As the reauthorization of the Federal surface transportation programs moves forward, the Committee will look at potential reforms to the project delivery process. The Committee will determine what improvements can be made to existing rules and

regulations governing project delivery in order to expedite the delivery process for all projects and reduce the cost of transportation projects.

Programmatic Reform

The U.S. Department of Transportation currently administers more than 100 highway, transit, and highway safety programs. Many of these programs serve similar purposes and several of them might not be necessary any longer because the nature of our transportation system has changed over time. During reauthorization of the surface transportation programs, the Committee will review whether or not programs serve duplicative purposes or are no longer needed, and will take steps to consolidate or eliminate those programs.

Performance Standards

Currently, Federal surface transportation programs lack performance metrics and accountability. There are no requirements for State DOT's, localities, or public transit agencies to develop transportation plans with specific performance objectives. The Committee will study performance management approaches that increase the transparency and accountability of how Federal surface transportation funds are used.

WITNESSES

The Honorable Jerry Wray
Director
Ohio Department of Transportation

Brian Burgett
President and CEO
Kokosing Construction Co.

Bill Lozier
Deputy County Engineer
Licking County, Ohio

The Honorable Christiane W. Schmenk
Mayor
City of Marysville, Ohio

Mark Policinski
Executive Director
Ohio Kentucky Indiana Council of Governments

Nick Gattozzi
Vice President of Government Advocacy
Greater Cleveland Partnership

Keith Tuttle
President
Motor Carrier Service, Inc.

Barry H. Fromm
Chairman
U.S. Railcar Company, LLC

**IMPROVING AND REFORMING OUR
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SATURDAY, FEBRUARY 19, 2011

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

The committee met, pursuant to call, at 10:30 a.m., in the Senate Finance Hearing Room, Ohio State House at 1 Capitol Square, Columbus, Ohio, Hon. John L. Mica (Chairman of the committee) presiding.

Present: Representatives Mica, Shuster, Schmidt and Gibbs.

Also Present: Representative Stivers.

Mr. MICA. Good morning. I'm Congressman John Mica, chairman of the House Transportation and Infrastructure Committee of the United States House of Representatives, and I would like to call this hearing of the Committee to order.

We are very pleased to be in the State capital of Ohio today. Today is a hearing of the Committee, the second in a series of a number of hearings, and also Committee listening sessions, that we will be conducting across the United States of America.

We started out in West Virginia at the beginning of this week, which was the home of the ranking member, Mr. Rahall. He is unable to be with us, but we started in his district, and I thought that was a good bipartisan effort to launch hearings on formulating our Nation's transportation policy and major legislation.

We will meet across the country. This afternoon we're in Indianapolis, and from there Chicago. We're going out to Washington, the State of Washington. We have several sessions in California, including an unusual joint session with the United States Senate Public Works and Environment Committee, chaired by Ms. Boxer from California. And that will be a joint Senate/House Committee hearing on the same topic we're here today, again drafting our Nation's legislative policy.

And we have a number of other stops, including Tennessee, Arkansas, Oklahoma, back to Florida, and then going back, because of the extended session this week, we are going back to New York and Pennsylvania, several other locations before we finish.

The purpose of these hearings and these listening sessions is to solicit ideas, recommendations, how we can change Federal laws or procedures relating to anything the Federal Government is doing in regard to our transportation projects. And this will be a trans-

portation bill, as opposed to just a highway bill, and we hope to cover, to have multi-modes in the bill.

And I think that these hearings, again, are helpful to bring the best ideas from some of you who have had to deal with the Federal Government. And it's fitting that we have this hearing today in the Ohio Statehouse. I can't come here without remembering my good friend Paul Gillmor and his services here. I think about him, and his wife and family.

But we're here on a wonderful occasion today, again, soliciting your ideas. If we seem a little bit groggy, every Member of Congress here today—and most of the staff—we were on the floor of the House voting at 4:30 this morning, and through the grace of American transportation, here we are at Columbus.

We're only an hour late, but it is a second miracle that we are here, given that we probably had all the amendments—the number of amendments in the past three days, we had in the last session of Congress. And Members, I thank you for being here.

And let me just say also that this week has been a busy week for the Committee. We passed a historic Federal Aviation Administration legislation. I happened to chair the Aviation Subcommittee from 2001 to 2007, and we passed the last FAA reauthorization in 2003, which expired—it was a four year bill. It expired in 2007.

We've done 17 extensions, and the current extension runs out the 31st of March. The second miracle—well, maybe the third miracle, other than our being here this morning—is that the Senate, the United States Senate, actually passed the FAA bill.

Now, it took them about four weeks. It's been on the floor of the Senate. But they passed it this week, so hopefully as soon as we get back we'll be doing two things. The other piece of legislation you may be interested in that relates to this hearing is, we have had six extensions since the expiration of our current authorization of Federal transportation policy. Its acronym is TLU.

That expired in September of 2009. Unfortunately, we will do—and we passed out of committee—the next extension, at the request of many of the States, to go to September 30th. And we anticipate that that will be on the floor immediately upon return, the week we return, because the current extension expires with the CR on March 4th.

So those are just some informational points for those who may be interested in seeing our progress in transportation. So we again have, unfortunately, a formal process. Not all of our sessions are this formal. This is a hearing, and we will take testimony. We want to also express to those that are not at the witness table, that you are just as welcome as any of the witnesses to submit to the committee your recommendations.

And usually I find when we go out in the field, we get recommendations handed to us on the way out, or in the time shortly after our hearing. And many folks come up with great ideas. In our West Virginia hearing, actually I think some of the best ideas didn't come from the panel, it came from folks who chose to attend.

And actually, several of them will get possible inclusion into the legislation if I have any say. So with your permission, we'll leave the record open for two weeks.

Without objection, I move that we leave the record open for a period of two weeks for your submitting to the Committee your recommendations.

So those are a couple of the points that I thought we'd make. What I'd like to do is, first—ordinarily we only recognize members of our panel, but we are pleased, actually, to be in the home district of one of the members. Steve Stivers, I'd like to recognize you first.

And we'll go through the panel of Members of Congress for any opening statements or comments. We are delighted to be here at your request, and also Mr. Gibbs' request. Two of the new members are actually responsible for our being here today.

So with that, if you wanted to comment, we will recognize.

Mr. STIVERS. Thank you, Mr. Chairman. I would like to welcome the Committee to Ohio's 15th Congressional District that we're sitting in now. And on behalf of Congressman Tiberi and Congressman Austria, I'd like to welcome the Committee to central Ohio.

Obviously, transportation and infrastructure are very important to central Ohio. I'd like to thank the Chairman for bringing the Committee here. I'd like to thank all of the Committee members for coming, and I'd also like to thank them for allowing me to sit in. This is not my committee of jurisdiction, but I'm honored to be able to be here, and be sitting in on the hearing.

I would like to make a few introductions, if that's all right, Mr. Chairman. I know that Mr. Gibbs and I drew straws, so he gets to introduce a few witnesses and I get to introduce a few folks. But I know he's going to introduce Mr. Wray, Mr. Burgett, and Mr. Lozier. And I believe that Congresswoman Schmidt is going to introduce Mr. Policinski. But I would like to introduce a few witnesses.

Chris Schmenk, the mayor of Marysville is here to talk about a very important project for economic development for not only her county, and her town of Marysville, but for the whole region. And she'll talk a little bit about that. And it's great to have her here.

I know that Mr. Gattozzi's here from the Greater Cleveland Partnership. It's good to have him here. And Barry Fromm, a good friend from here in central Ohio, is here to talk about US Railcar. It's good to have him here, and it's good to be talking about intermodal and lots of different types of transportation.

I'd also like to acknowledge a few folks in the audience, most notably our host in the back, President of the Senate, Tom Neihaus. I had the honor to serve with Tom here in the State Senate for six years. Spent a lot of long nights in this hearing room.

So I've moved my long nights to another hearing room in another place, but thank you, Mr. President, for allowing us to use the people's house here, and the Senate hearing room, the finance hearing room, for this very important hearing. And it's great to see you again, and great to have you as President of the Senate. You're doing a great job.

Chester Jordan from the Mid-Ohio Regional Planning Commission, very important for transportation projects. They do a lot of great planning work. He's here in the back.

Jeff Stauts with the Union County Engineers here, and our friends from Consider Biking in the bike shirts over here. My good

friend Doug Morgan, whom I consider the ambassador of biking, is not here today. But a lot of folks are, and I've had a chance to bike with him on Bike To Work Days, and other things. So it's good to have them in the room as part of the conversation.

Now, obviously, transportation and infrastructure equal jobs, Mr. Chairman. That's why it's important to have you here, and we really appreciate having you here. I've talked with Director Wray about several ideas that I know he's working on to really leverage what goes on more, including working to cut the red tape between the work and coordination between the Federal Government and the State government.

And I think there's a great example in my district of that. The 665/71 interchange was done where they actually shortened the time periods measurably, and made things happen. And I hope you'll talk about that as an example, and hold it out.

I've also talked with the director a little bit about how we need to leverage funds by reducing the local match. And I assume he may talk about that. That's a project I'm working with him on as well, and I think it's something that will allow us to leverage funds and complete projects that are important to the community, not just projects where the local match is there and easy to find.

So I'm happy to be here. I appreciate the opportunity. And I really appreciate you bringing the Committee to central Ohio, Mr. Chairman. Thank you, and I yield back the balance of my time.

Mr. MICA. Thank you so much. Again, we are very grateful for the accommodation. As I said, we're also here at the request of one of the members of our Committee, which is Mr. Gibbs. Now, Mr. Gibbs and Mr. Stivers, they both have great experience in the legislative body here, and distinguished records of service.

And I had to choose two new Members of Congress who are serving on our Committee to chair subcommittees. And I interviewed a number of them and looked at their backgrounds, and I could tell you how pleased I am with the decision to select Mr. Gibbs as the subcommittee chair, one of the few entering Members of Congress, probably in the history of Congress, to come in and chair a subcommittee.

The Water Resources Subcommittee is one of the most important in Congress and has broad jurisdiction. But we are pleased to be close to your district, and I'm even more pleased to have your leadership on the Committee. And I recognize you at this time.

Ms. GIBBS. Thank you, Mr. Chairman, and thank you for coming to Ohio. And thank you, Congressman Stivers and Congresswoman—I forgot her name for a second—Jean Schmidt, for being with us today.

Ms. SCHMIDT. How quickly you forget, Bob.

Mr. MICA. It could be your sister.

Ms. SCHMIDT. We were up all night, I guess. But it was mentioned that Congressman Stiver was serving recently in the Senate, and I was too. Not quite two months. And by the way, gentlemen, my office was right on the other side of that wall. Right underneath the mezzanine there.

But anyway, it's great to be here as we work on the challenges facing our infrastructure and transportation in the United States and Ohio. Just a couple of key points I just wanted to mention.

Iowa's transportation system supports an about \$472 billion economy. Its 5 million jobs Interstate system ranks fourth in the Nation, with over 6,700 miles, and we're committed to improve and build on that.

One of the major problems—and that's one reason I'm so excited that the chairman's holding these hearings—is recent studies have determined that sometimes the Federal project delivery process can take up to 15 years to complete a project of simple construction

And you know, when you take that long to do things, it adds to the costs and delays. And one thing we're trying to find is ways to change the policy and the process so that we can streamline and get those projects done faster and improve the infrastructure for our citizens.

I think it's exciting, the panel we've got here today, because they deal with these issues on a daily basis, Mr. Chairman. And I look forward to hearing from them, and hearing how we can make things more efficient and help them do their job better.

So I hope it cuts through that red tape and streamlines the project process, with—as I always like to say—a common sense approach. And I think if we can do that, we'll do a lot to improve the costs and help move commerce and people in the most efficient way possible.

I do want to introduce some of the panelists. On the far end here is the Honorable Jerry Wray, the new Director of the Ohio Department of Transportation. I think he's the first and only in the history of the State of Ohio to have come back, Mr. Chairman. He was the director under Governor Voinovich. And Governor Kasich asked him to come back, so we're really looking forward to working with him.

Next to him is Mr. Brian Burgett, up in Knox County. He's the CEO of Kokosing Company. They are a large highway contractor, and they do a lot of commercial work too. But I think what's also interesting, they do a lot of work in the maritime infrastructure, with locks.

And that's a keen interest for me, especially being the chairman of that subcommittee that has the jurisdiction over the Army Corps of Engineers, and also the Clean Water Act with the EPA.

To his left is Mr. Lozier, who is the Deputy Engineer at Licking County. I share that county—it's just east of here—with Congressman Pat Tiberi. And I think he's going to soon be the engineer. But we've talked, and I think he's got a good perspective on what things we could do to help streamline those Federal dollars to help the county at the county level.

So anyway, I'm looking forward to getting the testimony and the discussion, and I also do want to thank everybody for coming out today. This is how our system's supposed to work. We represent you, and get a chance to hear from you and try to make the best policy for the people of Ohio and the United States, and use your tax dollars wisely.

Because resources are limited, and we all know that. And we've got to make things more efficient, and prioritize, and get the job done. So I yield back, Mr. Chairman.

Mr. MICA. Thank you again for also hosting and requesting us to come to this part of Ohio.

Now, the next member of the panel—and she is on our panel—there's no question, when Jean Schmidt serves on any panel, that she's on the panel and makes herself heard. She's an Energizer bunny.

And it's just hard to believe she's already becoming a senior member of the Committee, but we have so many new members in Congress—we have 19 on the Committee, new members. And almost 90 in the House of Representative. And she chairs an important subcommittee on the Agriculture Committee, and we are pleased to have her on our panel.

She also asked me to come to her district again. I've already been there, and she dragged me there almost immediately. And I'm very familiar with some of her projects, because she reminds me every day. But again, let me recognize the gentlelady—and the very aggressive lady—from Ohio, Jean Schmidt.

Ms. SCHMIDT. Thank you, Mr. Chairman, and it is just two little projects, and then I'll be happy. But before I go into them, I would like to introduce the final two panelists.

One is Mr. Keith Tuttle, who owns Motor Carrier Services Incorporated. And Mr. Tuttle is from Northwood Ohio, which is in the northeast section of the State. And he might know a little bit about the infrastructure needed for improvements, since his company has 90 tractors and 220 trailers. And we do look forward to hearing your testimony, sir.

And the final one is Mr. Mark Policinski. And Mark is from my district, and he serves as the Director of the Ohio-Kentucky-Indiana Regional Council of Governments, or OKI, since November of 2003.

So I knew Mark in my past life as a State representative, and my current life in the Congress. He has held senior level positions in the private sector, and in government service on Capitol Hill and in the Reagan administration. And I have known him for a very long time.

And before I turn it back, Mr. Chairman, I just want to mention that I really am grateful for you for bringing this committee to Ohio. Because as my good friend Mr. Gibbs mentioned, we have the sixth-most used roads in the country, and more importantly—or the fifth-most used highway system in the country.

But more importantly, we have a little bridge in Cincinnati, Mr. Chairman, which I pointed out to you, called the Brent Spence Bridge, which is the sixth-most used bridge in the country. And while structurally it has about a B rating, capacity-wise it has an F-. And we really need to have a new bridge.

And when my good friend Mr. Gibbs talked about delay in transportation, each and every month that we wait for this bridge to get built adds about another \$1 million in costs for the bridge.

So it's really important that we look at structural needs like this, and have a way to cut through the red tape so that we can save the taxpayers money. And along with that, I've been working with Mark on the eastern corridor project. And so Mr. Chairman, if you could just let me have those two projects, I'd be really nice. I'll turn it back to you.

Mr. MICA. I told you she never misses an opportunity. We are delighted to have her leadership also on the committee. Now, this is

sort of a star-studded cast. We also have, from the State of Pennsylvania—and you’ve probably heard the name before—Shuster.

His dad was the chairman of the committee, and probably one of the most successful chairs that we’ve ever had of the full committee in Congress. But Bill Shuster has chaired one of our subcommittees, a different subcommittee: Economic Development, Public Buildings, and Emergency Management. And he now chairs the Rail Subcommittee, covering rail, hazardous pipelines, I think a whole bunch of things like that.

But we are delighted that he would join us today, and let me recognize him for an opening statement.

Mr. SHUSTER. Thank you, Mr. Chairman. And for me, this is a return to Ohio. I worked for a company and covered southern Ohio for three years back in the late 1980s, so it’s been 20 years since I’ve been in Columbus. It’s good to be back. I obviously have fond memories of Ohio, and I’m glad to be here today, and in many places across the country.

As the Chairman said, we’ll be taking the John Mica road show across the country, or the Mica Magical Mystery Tour. And as we’re going to find out, some of these places we’re going to—we hope everything is going to work out well, and we’re sure that it will, but when we get there we’ll really find out.

It’s great to do this. This is extremely important, for us to be out across the country, talking to people that live in places that have needs, so that we can hear them firsthand. I would like to take the opportunity to introduce somebody that’s not on the panel, but is hear today: Rich Martinko.

Rich, why don’t you raise your hand over there? See, Mr. Chairman, that’s Steve’s father. Rich is now the Director of the University of Toledo’s Inter-Modal Transportation Institute, and the university’s transportation center, which is one of 60 designated by the Federal Department of Transportation.

He served 22 years at ODOT. His career culminated as the assistant director of highway operations for ODOT. So we’re pleased that he’s here today, and most importantly he’s the father of my deputy chief of staff, and my principal transportation advisor.

So Steve, coming from a father who has transportation in his blood, myself—so Shuster/Martinko would make a pretty good team, I think. Steve is definitely the smarter of the two of us, so I’m pleased that he calls his father occasionally, or his father calls him occasionally and tells him what Shuster’s doing wrong, or what the Committee’s doing wrong. I get the same from my father, so that’s OK. We like that.

But again, it’s a pleasure to be here with my colleagues, and I’m looking forward to hearing the testimony today. So thank you very much, and I yield back.

Mr. MICA. I wasn’t going to tease Mr. Shuster at all, but he gave you that commentary on my road show, so I have to say it’s good to see him today with his coat off but his shirt on.

You have to keep a sense of humor with this job. But we are delighted to be here. And I want to also thank Jim Kolb, who is the staff director on the Democrats’ side of the aisle, for being here. And I think he has some family in the area, so we’re pleased to

have his leadership. And my co-partner, who isn't with us today, Mr. Rahall, the gentleman from West Virginia.

So with those introductions, we're pleased to go ahead, and now we'll recognize those on our panel. They've already been introduced. What I'd like you to do now—I know you're not going to like this. But if you have a written statement and you start reading it, I have a staffer and I see the Ohio—is it the highway patrol over there? And I would like the staffers and the patrol to come over and just take away your written statement.

Now, what I want you to do is summarize your key points that are in there that you want this committee to take back. What we need to do in changing the law. What we need to do in changing the procedures that can make us do a better job for you.

Without objection, all of your written testimony will be made part—this is an official hearing, and it will be made part of our hearing. It will be submitted.

So what I want you to do is, again, have an exchange. That will be much more productive than you just sitting there reading a written statement. And I see poor Mr. Wray is shuffling through his papers.

Really, the purpose of this is to elicit from you your top ideas and suggestions, recommendations to this committee. And don't tell me how bad things are. We know how bad things are as far as infrastructure. If you've got some, what we want are your specific suggestions on how we can do better.

Poor Mr. Wray. But listen, this guy has been in the service of Ohio, and he's come back for another round. And I know he can tell us.

The other thing too is, we brought on board an immediate past Secretary of Transportation from Florida, who I've worked with, and who's helped us craft some other legislation, Stephanie Kopelousos. And she's going to be working with a different, progressive secretary to have innovative ideas that can help us go through the law, go through the rules and regulations that don't make sense, and come up with innovative ideas.

Mr. Wray, you are recognized. And just tell us, again, what you would change. And you can submit the rest of that for the record. You are recognized, sir.

TESTIMONY OF HON. JERRY WRAY, DIRECTOR, OHIO DEPARTMENT OF TRANSPORTATION; BRIAN BURGETT, PRESIDENT AND CEO, KOKOSING CONSTRUCTION CO.; BILL LOZIER, DEPUTY COUNTY ENGINEER, LICKING COUNTY, OHIO; HON. CHRISTIANE W. SCHMENK, MAYOR, CITY OF MARYSVILLE, OHIO; MARK POLICINSKI, EXECUTIVE DIRECTOR, OHIO-KENTUCKY-INDIANA REGIONAL COUNCIL OF GOVERNMENTS; NICK GATTOZZI, VICE PRESIDENT OF GOVERNMENT ADVOCACY, GREATER CLEVELAND PARTNERSHIP; KEITH TUTTLE, PRESIDENT, MOTOR CARRIER SERVICE, INC.; AND BARRY FROMM, CHAIRMAN, US RAILCAR COMPANY

Mr. WRAY. Mr. Chairman, Distinguished Members, thank you and welcome to the great State of Ohio. My testimony just got a lot shorter. What would you like to see? First of all, we have problems in Ohio—and I'm sure that's true of lots of the Nation—in

that we are fast approaching a time when we will not have enough State funds to match our allotted Federal funds.

And the first thing that you can do to help us with that is change the Federal match from an 80/20 match, 80 percent Federal and 20 percent local, to 90 percent Federal and 10 percent local. That would be our number one suggestion, number one recommendation.

And that would not only help us, but it would help our local partners a great deal. In Ohio, we have home rule. We have elected county engineers. We're the only State in the Nation that has that.

We have a lot of rural counties, and they have small staff. It is very difficult for them to use Federal money, even with the help of the Department of Transportation. There are counties in Ohio who have never replaced a bridge using Federal money, simply because of the onerous and complicated and bureaucratic process that it takes. This would go a long way to helping them match, number one, and I'm—

Mr. MICA. Can you—I'm going to interrupt a little bit here. Can you outline for the committee, or do you have in your testimony, some of the onerous provisions that are at the Federal level that we could change? Any percentage. And if you don't want to do it publicly, could you provide it to the committee?

Mr. WRAY. The answer is I don't have it in my testimony, but yes we can provide it to the committee. And I suspect that others on this panel, including Mr. Lozier—

Mr. MICA. You have two weeks to submit that. Any examples you can give us of what you can do. Because again, I don't know if we can get you the 90 percent. But what else can we do to get some of the unnecessary regulations, rules and things that you just talked about, particularly the small communities that don't have the institutional capability of dealing with the Federal bureaucracy?

Mr. WRAY. And I hope you can get us the 90 percent. I understand if you can't, and 89 percent would be fine. I don't have the details of the process outlined in my testimony, but we can certainly get that to you easily within two weeks.

Mr. MICA. Just give us a few examples of this, or something.

Mr. WRAY. And basically, and in very understandable terms, this is why it's difficult for Morrow County, Ohio to take advantage of any Federal funds.

And I should note, Mr. Chairman, that this Department of Transportation is committed to helping them. We have made it one of the centerpieces of our administration that we are going to try to help local governments make better use of the available dollars that are there. And we're committed that ODOT is not going to be a barrier, and we want you to help us make sure that these the Federal Government and USDOT is not a barrier.

Another thing that would help us a lot and that we're interested in is innovative financing, and the ability, for example, for us to use our longitudinal right of way, and perhaps use that with private partners to create revenue for the State.

As it is now, there are restrictions that are long and deep that prevent us from using our own right of way for revenue enhancement. And if there was a way that we could find to free us up to

do that, we'd love to be able to do that. Another aspect of that is—

Mr. SHUSTER. I'm going to interject, Mr. Wray. What would you do? What kinds of things would you do?

Mr. WRAY. Fibers, cell towers, advertising, whatever. Again, we're not going to compromise our transportation system in terms of safety, efficiency, and effectiveness. But to agree that we own property that can be leveraged, we'd like the freedom to do that.

Mr. SHUSTER. Thank you.

Mr. MICA. That's the kind of stuff we're looking for. Keep going, you're getting there. Anything else?

Mr. WRAY. Or rest areas, in Ohio and all over the country, were originally built through the interstate system, and we built the rest areas. We believe that those are properties that we could leverage also for revenue, for advertising. Or lease them out, allow them to become a private/public partnership.

We don't have the freedom to do that now. We'd like to be given the freedom to deal with our rest areas and the property that we own, and to be able to try to leverage that property.

A bigger picture concern is that, essentially across the country, in Ohio and nationally, we have funded our transportation system through the gas tax. And that has been a remarkable success story. It helped build the wealth that exists in this Nation, without a doubt.

But that system is now out of date, and we need to be looking at innovative or new ways to fund transportation. In Ohio, consumption is leveling off. We are anticipating a little increase this year, but with the sluggish economy, essentially, consumption has provided us with level revenue. Construction inflation, on the other hand, is growing. So the cost of steel and concrete and asphalt is going up each year.

We estimate in 2011 it will go up by 5.7 percent. You can see as those two lines converge that there's coming a time—and in our case, that time is very near, probably 2018 or sooner—that we not only will not be able to match Federal funds, we will have a difficult time maintaining and preserving our existing system.

And that is a must. It's a tremendous, enormous investment that we have made in Ohio—and that States have made across the country—in this system. It would be a crime to let it fall into disrepair even more than it already is.

Mr. MICA. Mr. Wray, we're going to get back to you. Let's pick on Mr. Burgett next. And he has a big construction company. We'll save all the questions until we get through, or if somebody has something they have to pop in, they'll do that. But Mr. Burgett, you're next.

Mr. BURGETT. Thank you Chairman Mica, Honorable Members of the Congress. As Congressman Gibbs mentioned, our company is involved in all modes of transportation, from maritime through rail, bike paths and highways. But this morning I want to narrow my comments to highway-type construction.

And I'm going to propose a couple of things that just kind of turn the whole apple cart upside-down. The first of those, it becomes apparent to most of us that there's not an appetite in Washington to provide the funding necessary to take care of our whole highway

system out here, from what we've looked at in the past. And I think the approach needs to be changed.

And I'm proposing that we narrow the Federal Government's role to the national highway system, and that their funding be limited to that, and that we turn the funding of the State highways and stuff back to the States. And the importance of this, even though the States right now say "We don't have the funding," if they understand the division of responsibility—which is unclear at this point, because we don't know how much funding will be able to come out of Washington from any one time—then they can take that, and focus on it, and move forward.

The second apple cart that I would like to upset is the Federal Highway Administration. And I would propose that we change the role of the Federal Highway Administration to not be involved in the day-to-day business of the highway projects, but to give us the safety requirements, the overall concept of what they want in our national highway system. Stay out of the State, the county jurisdictions.

And that we eliminate the offices in each State, and that we move to a regional national highway organization, similar to EPA. And that their role be of auditing the States on a periodic basis, such as maybe every three years. I think that we could eliminate a lot of overhead, and I think we can also shorten the process for construction projects.

The third area that I'd like to touch on is that of 3Ps. I believe that 3Ps have a place, but it's a very limited role. And I believe it's the most expensive way of funding our infrastructure, our transportation system, and that if there's any other way of doing it, we should take that approach.

The example I'd like to throw out is the Ohio Turnpike. In the Ohio Turnpike, you pay 6.2 cents a mile to travel on the Turnpike, plus you pay 2 and a half cents a mile in gas tax.

And on any other highway in the State, we're paying 2 and a half cents for the gas tax. So consequently, it's more than 300 percent, the cost per mile to travel on the Turnpike versus an Interstate highway. And I think we need to find other approaches, other than 3Ps, where we can.

Mr. MICA. Excellent comments. Thank you for those comments. Mr. Lozier?

Mr. LOZIER. Thank you, Chairman Mica. I do have sample projects, that you asked—

Mr. MICA. Just a clarification on public/private partnerships for members of the audience who may not be familiar with it so much. Public/private are what he's referring to, just for clarification. Mr. Lozier?

Mr. LOZIER. Thank you, Chairman Mica. I'm going to start by tagging onto Director Wray's testimony. And you did ask the question if we had specific examples. I assume that you have my testimony and the attachments to it, because I want to draw your attention to the photo that's shown in exhibit 1.

I spared everybody the drama from actually bringing the paper in here, but I have a photo of this. We see two projects on my drafting board, back in my office. The project on the left side of the

straight edge there represents the paper we generated for a Federal project.

We've been after this project since '03. We've spent design costs of \$1.4 million so far. We expect to spend another \$1 million, and the construction costs estimate of this project is \$12.2 million.

The project that is similar, on the right side of the straight edge there, is funded through a program called the Ohio Public Works Commission. We're freed up from a lot of the regulation and a lot of the design standards. We conceptualized, designed, and constructed this project in a year, and we did it for under \$600,000.

Now, the argument that I hear when I bring this example up is I'm trying to compare apples to oranges.

Ms. SCHMIDT. Excuse me. We don't have the attachments.

Mr. LOZIER. You don't. There was a packet of attachments. I can present them to you, if you'd like. It's on page two of that packet.

I can continue before you see the photo. I think you get the idea that what has driven this, in my opinion, are the AASHTO design standards, which are utilized by the FHWA and the DOTs. This project is requiring 120 foot roadway width, and we think all we need is a 60 to 80 foot roadway width.

This is creating the usual suspect cost drivers, like environmental, excessive right of way due to technical requirements, utility relocations. And that's ironically all the things that we're instructed to avoid by the FHWA.

Again, there's another argument that I hear all the time: "If we're going to do a project, let's do it the right way."

Unfortunately, that's a recipe for immobility. We have a little local road widening project that we've been after for eight years here. We can't—our roads have evolved from wagon paths, and now we're trying to improve them all at one time with these successive design standards.

How'd it get this way? I believe that FHWA and ODOT oversight has led to those two agencies managing risk the same for local projects as they do for their own projects. I don't think that local governments have the same exposure to risk.

And what can we do about it? We have several suggestions. I'm representing today the National Association of County Engineers and County Officials, as well as the County Engineers' Association of Ohio.

In the testimony that I've provided, they have specific language. They are in agreement with what my testimony is today. But basically, the big two things are that we need to make an allowance for local public agencies, governing authorities like the County Engineers' Association, to have their own design standards.

They need to be turned over to us. These projects need to be turned over to us, and let us take responsibility for the risk. We aren't scared of the risk. We can manage the risk.

I think that if this happens, it could lead to an infusion of construction projects like never before imagined. And this would be good for contractors, consultants, and suppliers of all sizes. And it could happen very quickly.

I guess that's the end of my testimony.

Mr. MICA. Do you have the specific language you're recommending?

Mr. LOZIER. I do. In my testimony there, there are five specific things. The first two, essentially, are handing down oversight authority to local governments, or to their managing authorities like the County Engineers' Association.

I also think, as you go through the Federal bill—we know there's inconsistencies in other States, and that we should identify them. And during the course of the bill, there should be continual improvement measures taken, and the DOTs and local agencies should be a part of that.

I happen to know that there are design standards that are different than the way that Ohio's FHWA offices interpret the design standards for projects. I also think we need to strengthen technology transfer and other training programs.

In the long term, we need regulatory reform. A lot of what we have presented to you is assistance in getting through the process. I don't think that's good enough. I think that's a temporary fix. I think, in the end, we need regulatory reform.

And that concludes my testimony.

Mr. MICA. Thank you. We'll turn next to Ms. Schmenk.

Ms. SCHMENK. Thank you, and thank you for allowing me to be here today. I would first beg indulgence. I promise I will not read, but I would like to kind of set the stage for my testimony, because I'm talking from a different capacity than others on the panel.

I'm talking as a small town mayor. A small town of about 20,000 located northwest of here, about 30 miles. And I want to lay the groundwork for really how everything that our panel is talking about today affects us as users of the system.

Marysville is in Union County, and that has been the third-fastest growing county in Ohio since 1990. For a small town, Marysville has a very rich employment base. We're very lucky to have great employers, like the Scotts Miracle-Gro company.

I'm a part time mayor, but I have also worked for Scotts Miracle-Gro for 17 years. And Scotts is there in Marysville because of good transportation and good infrastructure. We're also home to many other good industries, like Nestle R&D, and other great companies. But the big one that we all hear about, just beyond our borders, is Honda, Honda R&D, Honda of America Manufacturing.

And Honda is key to Ohio's future. I think Honda is key to our Nation's future, because it has done such great things in our country. Honda alone employs about 13,000 employees near Marysville. And when you factor in all of its suppliers, it's responsible for probably 130,000 employees in Ohio.

The history of Marysville and the history of Honda. One of the main reasons Honda has been successful has been the good infrastructure that was built. 30 years ago, our State invested close to about \$75 million to widen US Route 33, which leads from Columbus out to Honda.

The payback has been tremendous. Honda has conservatively put back over \$7 billion into Ohio since 1979, and that doesn't count the millions of dollars that have helped communities like mine in payroll taxes and other taxes returned to our local economy.

So when we think of the impact of good infrastructure, it's key to my town's success. It's key to our county's success. I think it's key to Ohio's success. Honda, Scotts, and other manufacturers rely

on a lot of logistics systems. One is called Just In Time delivery. If infrastructure is not working well, it delays everything for them, costs them millions of dollars, costs our economy millions of dollars.

We have a little project right now, which my Congressman, Senator Stivers, referred to. And that is the intersection of US Route 33 and I-270, which circles Columbus. It is a highly congested interchange, and it is failing right now.

And every day when there is backup, it causes problems for Scotts, for Honda, for all of those thousands of employees. Right now, we've requested both Federal and State funding. Conservatively, it looks like if we're lucky—and it's in jeopardy. But if we're lucky, we won't be able to even start that project until 2017. That will cost jobs. That will cost our economy, I think, in the millions of dollars.

So I will jump to what I think, as a user of a small town, and as a person who sees the direct connection between good infrastructure and jobs, are some practical suggestions. First—I'll probably get some boos on this—I'm a firm believer that not all earmarks are bad. I think if you can show a direct connection between jobs and the project, it can really be a good use of our tax dollars.

What I would love to see, though, is a streamlining of the request forms, the appropriations request forms. Director Wray mentioned that small communities don't have the bureaucracies to do those kinds of applications. We don't have a grant writer in our small town, so when our different Members of Congress request different forms, different attachments, it really is a detriment to us.

I would love to see a direct nexus between any kind of funding and jobs. We need to see that economic difference that it can make. Timing needs to be addressed. Somehow, we need to shorten the project. Because my little project, if it doesn't start until 2017, we're going to lose jobs in the State of Ohio.

Someone has already mentioned the 3Ps. I'd like to see collaboration rewarded. My work in the private sector over the years—I know how public/private partnerships can get things done, and I'd like to see rewards given for those.

And I think Director Wray also mentioned more creative funding techniques. We definitely need to see something creative, like transportation tax credit bonds, or other ways to get funding.

Thank you very much for listening. Again, just to summarize, I think good infrastructure needs jobs. And it's critical to our State and our Nation.

Mr. MICA. Thank you. Mr. Policinski?

Mr. POLICINSKI. Thank you, Mr. Chairman. And thank you Congresswoman Schmidt for your kind remarks. I want to thank the people who preceded me in the panel for bringing up so many good ideas on streamlining.

I agree with them, particularly on the idea of letting States and locals have more authority over their projects that don't fall on Interstates, and also the idea that FHA should be in an oversight role in that regard.

I'm also very happy to hear, Mr. Chairman, that you state that the idea of streamlining is so ingrained as you put together the new bill. To me, streamlining is probably the most important thing we can do, even as important as funding.

I think a couple of things that I'd just like to mention when it comes to streamlining is, in the planning process, we go through environmental review. We identify the environmental problems that could exist and impacts. Once that's done, I don't think it's absolutely necessary to revisit them. And that would reduce, I think, a lot of the delay that takes place.

As far as my testimony goes, having gone down to a place taken by others, when it comes to getting money into the system, OKI has been pushing for four years an idea called regional infrastructure improvement zones. This is a change in the tax law, which would allow private corporations and individuals who make contributions to build public goods a tax deduction.

Under current law, such a tax deduction is allowed, but only if there is no benefit to the individual or the corporation. The establishment of a RIIZ would take away that distinction, which we find totally arbitrary. What RIIZes would do is, they would unlock private dollars to put into local match.

It's already been mentioned, rural communities, many communities even in metropolitan areas like Cincinnati, good projects, already approved by the jurisdictions, already in these steps, cannot go forward because there is not a local match.

Here we would have an opportunity where the private sector could step forward and say "Listen, this project, which has already been approved by you, which is already part of the community's effort to develop economically, is also important to us as business votes. And we're willing to put money into it."

That would give them the local match, and that would allow the project to go forward. I think that it's amazing, as we've been pushing this idea for four years and we hope to have it introduced on the House side in the spring, that a number of businesspeople have come up and said "I'm very interested in doing this."

When we talked to government and elected officials, they had a number of examples where they think that this would be beneficial. So when we look at this problem, where you don't have enough money and you have too much need, we have to find new sources of funding. And I think RIIZes provide one of those sources. It's a way to tap into the private sector dollars.

Again, Mr. Chairman, much of what I have to say on streamlining has been covered by others. It's also in the written testimony, and so I will yield the rest of my time to my distinguished colleague from Cleveland.

Mr. MICA. Thank you. I will recognize Mr. Gattozzi.

Mr. GATTOZZI. Thank you, Mr. Chairman. My name's Nick Gattozzi. I represent the Greater Cleveland Partnership, a regional chamber of commerce in Cleveland. I've been asked to talk about a little variation on the public/private partnership.

We work with a group called BUGC, Build Up Greater Cleveland. It's an organization founded back in 1983. The idea was to prioritize transportation infrastructure projects in northeast Ohio. Obviously, back then we had challenges in the Cleveland area, and as the community came together with various projects, the idea was how do you prioritize those in a way that's—weigh those projects against economic development.

So that we weren't just repaving roads, but those roads were going to places where jobs were being created, economic development. I think you've heard very similar comments, especially from the mayor, how important transportation infrastructure is.

It creates jobs. It's the key driver to economic growth. With Build Up Greater Cleveland, the city of Cleveland is involved. The county engineer, the port authority, our regional sewer district, the regional transit authority. So all the stakeholders are there. ODOT is a stakeholder as well.

And so we make the case of why projects are important, because of the development that connects to the rest of the community and the region. And we actually rate and prioritize those projects.

So our folks come in, they make presentations on their individual projects, and then we as a group take off our individual hats and say "How does this impact the region? Where are we going to get the best economic bang for our buck?"

We've extended that model to a twelve-state coalition, the Great Lakes Metro Chambers Coalition. It includes the States of New York, Pennsylvania, Ohio, West Virginia, Kentucky, Michigan, Indiana, Illinois, Missouri, Iowa, Wisconsin, and Minnesota.

When you combine those twelve States plus Ontario and Quebec, you're looking at the third-largest economy in the world in terms of GDP. It's significant. Our friends in Cincinnati are involved, and when you see how things like the Brent Spence Bridge impact our manufacturers—the mayor talked about Just In Time in Marysville.

We have those same things. We need to get our goods through the system internally, so that we can get them exported out. When you look at this region, we are 33 percent of the Nation's population, 32 percent of the Nation's GDP, 30 percent of our merchandise exports, and 28 percent of those patents.

And in order to make the things that we do so well in the midwest, we need to move those little parts to make bigger parts, and then be able to get them outside the region. Not only to the rest of the country, but to the world.

And so the Metro Chambers is focused on those trade corridors, as we call them. Because the Brent Spence Bridge matters. Because the Crossings at Detroit and Buffalo matter. And those road miles in between, so that the trucks can carry that equipment, those supplies, those purchases, efficiently, safely, through the system. Because that makes us more competitive as a region.

From a recommendation, I think all we have to do is look at your report, when you talk about your national strategic transportation plan, Mr. Chairman, and getting that regional input. Looking at regional zones. How can the regions impact to make the case that we're not just paving roads, but there are jobs associated with those investments of Federal dollars, when combined with the local and with the State dollars?

Because that's what creates jobs. That's what drives the economy. If we can't get the goods and services in and out, we're going to strangle the economy. I yield back my time.

Mr. MICA. I'd like to thank the gentleman. And let me recognize Mr. Tuttle now.

Mr. TUTTLE. Thank you, Mr. Chairman. I come to you as the owner of a small business in Northwood, just on the east side of Toledo. We're just north of the Ohio Turnpike, and at the intersection of 80 and 90, around 75. We have about 125 proud employees, and we run 90 over-the-road trucks, and a couple hundred trailers.

We've had a somewhat brutal economy in the last three to four years, and yes I did have a prepared talk. I'm here representing my drivers, my employees, and also the American Trucking Association.

Let's talk about congestion. And I deeply respect what the mayor of Marysville said. We have an operation that's not big, but our trucks run a lot between northwest Ohio and Chicago, going west. And our trucks operate a lot into eastern Pennsylvania and New Jersey.

And specifically congestion—I will tell you that when I got into this business and I started with just a couple trucks after getting out of college, and when I got started in this business 25 or 30 years ago, every one of our customers, from General Motors to American National Cans, to Campbell's Soup, they'd always carry weeks of inventory.

And that has gone from weeks, to days, to in most cases hours. The mayor eloquently pointed that out at Honda, and at these plants, it's not only down to hours' worth of inventory. If you deliver late, you as a carrier are penalized, in some cases severely, for not getting there.

Our trucks, if you realize, Mr. Chairman, right now we can operate 11 hours in a 24 hour cycle, then they have to take a break, and so forth. When we go to Chicago, we are limited to the south side of Chicago, the eastern suburbs of Chicago, and northwest Ohio.

Because of congestion, we cannot deliver towards the airport and get back to northwest Ohio in the same day. With congestion, we cannot deliver any farther than the eastern part of Philadelphia or just into New Jersey under the current hours of service regulations.

I'm asking that—and most of you in this room might think this is a crazy idea—but as an industry we support a diesel fuel tax increase, if it is directed to efficient projects that help eliminate congestion.

And 80 percent of all goods in this country are moved by truck. Yes, there is a need for a good inter-modal system. Almost all freight is eventually by truck. And in most cases—80 percent of the communities in this country are exclusively served by truck.

We are willing to pay more for a diesel fuel tax increase. And I realize, I absolutely realize that that's something that we're probably not going to get to happen in this environment right now. But I'm not sure that we can afford luxuries like museums and other extravagant items that take away from the efficient movement of goods and services in this country.

So I'm not going to talk about much else. You have my testimony. But we do support that. We do support anything that eliminates congestion, as the economic recovery—and these are just a couple notes that I've taken this morning—it moves on trucks.

And as I said about the inventory levels, increased congestion means less productivity, less efficiency, and higher costs that are basically forwarded on to consumers. Thank you very much for allowing me to speak.

Mr. MICA. Thank you. And I'll recognize Mr. Fromm next.

Mr. FROMM. Good morning, Chairman Mica and Members of the Committee. I also want to recognize Congressman Stivers, who I'm proud to have as our district representative.

I run a company called US Railcar Company that's based right here in Columbus, Ohio. And I have several messages I want to make, after several years of working very hard to try to accomplish the American dream, starting a business in an area that is highly dominated by foreign manufacturers.

That's why this next transportation authorization bill is so important to us, and is so important to the citizens of this country. I am an entrepreneur. I'm a risk taker. I put many millions into this enterprise.

And I'm a concerned American citizen who pays a lot of attention to the advancements in transportation, and all the benefits that can come from passenger rail, insisting on doing the right sizing, the right type of equipment. Not necessarily high-speed for every corridor, but low-speed and medium-speed, different types of vehicles on different types of corridors.

I think it's critical that we have opportunities to increase American manufacturing jobs, so that we get a return on the investment, and we see mobility provided to the greatest extent to our workforce. And then we'll see economic development. It's all possible with the growth of a passenger rail system in this country.

Did you know that Ohio has the third-largest concentration of rail tracks in America? Illinois has the largest concentration. Did you know that you could connect every college and every university in this State, somehow, to a passenger rail system that already exists?

First, the key to the success of the program, as with any other public/private partnership program, is that you have to draw entrepreneurs to take these kinds of risks and enter into these types of partnerships, and to drive transportation investment. It represents anywhere between 24 and 28 percent of our total spending. That's how critical transportation is.

In 2009, I led a group of investors, friends and family, who put up capital and acquired the only American manufacturer of passenger railcars known as Diesel Multiple Units. It's a special type of car that runs back and forth. It's a self-propelled vehicle that has coaches and power cars.

And it was invented by a gentleman in Colorado, who created all that technology, and kept it alive, and who has proven to the Federal Railroad Administration so as to be operating on three railroads, so it's safe and sound.

And to bring this back into service in North America, there are presently three districts where these DMUs are in service in the United States today. We invested this money because we feel that passenger rail is a critical part of America's transportation system.

But Americans and American know-how must be a part of this. You can't have this all dominated by foreign manufacturers. And

they're huge. The barriers to entry in this are incredibly high. And we need to compete against—and we are competing against these well funded organizations.

The bill must find a way to support our ability, all American companies that are suppliers and manufacturers in this industry, to re-enter and build opportunities in America, for Americans. Our company is ready to contribute to the growth of that, and we recognize that there's an opportunity, if this is addressed properly.

The second issue is having the necessary resources and incentives at the Federal, State, and local levels to change the way the deals get done. I'm thinking of concepts like value capture here, where you can obtain value from development and incremental values from real estate appreciation, and tax those things in transportation districts.

It can't be all done in a fare box. It has to be done through other means. And we all know studies show on transportation-oriented development districts that use value capture are incredible. We should capture that.

We need to determine the goals and find ways to erase, rather than create, obstacles in the path. Because time is money. The private sector's good at getting things done, and the public sector's good at protecting the public sector and the taxpayer dollars. Together, we can get this accomplished.

That's why we work together. We have an efficient, a timely, and a legal way to get this all accomplished. We need to reduce the risk, but we need to be market-driven. This economy has to be, not just in transportation but in all aspects of our economy.

We have to seize upon economic development opportunities, and to allow them not to grow stale because of strong regulations that clamp things down, being preoccupied with the process rather than the goal.

The third concept I have is that investment in passenger rail, and U.S.-based and U.S.-owned railcar producers will provide multiple benefits to this country. We have a mobile workforce. We have job growth. Those are accepted goals for all of us.

Our vehicle, that Diesel Multiple Unit, has been designed to go on freight tracks today. And they are on freight tracks today. It doesn't have to be on a high-speed rail system that costs substantially more money. We can efficiently move people from spot to spot throughout the United States. Our next generation of cars will be going beyond 70 miles per hour, to the 110 category.

For those of us that invest and risk our own money in America, I'm asking you to please recognize how important this is for America's future. We could foster the rebirth of this once-proud U.S. industry. We dominated the world in this field, and we don't today.

Thank you very much.

Mr. MICA. Thank you. Let's go right into questions. And I'm going to ask Ms. Schmidt if she would like to do the first round of questions.

Ms. SCHMIDT. Thank you, Mr. Chairman. And I have questions for Mr. Wray separately from Mr. Lozier, Mr. Policinski, Mr. Tuttle, and if I get time, Mr. Fromm.

Mr. Wray, when you talked about revenue enhancements and rest stops—and we all know that the rest stops throughout the country, but especially in Ohio are at or greater than capacity.

Mr. Tuttle talked about drive time for drivers, they have to have so much time off the road. And as I drive down 71 or 75 I see the trucks bleeding off onto the highway. When you talk about leasing, would you then use that as an opportunity to build better road stops for the truckers? I mean, what was your vision of that?

Mr. WRAY. As a revenue enhancement, sure. But obviously—when I was here before, this was an issue. And what they determined was that we couldn't build them big enough, that no matter how large they were, they were full of trucks in the evening.

And it's a real problem, because people are pulling off the road to sleep. If they get on the side of the road and not in the rest area, the patrol comes along and says "You've got to move."

Well, you're telling a guy who says "I need to sleep" that he's got to drive. So it's a very difficult issue. I would hope that we would be able to address that at the same time that we were providing the revenue enhancement. I understand the difficulty of the issue.

Ms. SCHMIDT. Thank you. And Mr. Lozier, when you talked about, and when you showed us in your testimony, your graph, one of the things I wanted to point out to you was that a few years ago, when I first got this job, I inherited a project called Fog Road in Pike and Scioto Counties that my good predecessor, Rob Portman, got funding for.

But the Federal Highway Administration was bogging it down to the point that we actually found a way to take money that was given and move it over to ODOT, and have the road built in a year. Because it needed less capacity than what the FHA wanted.

And what I would like from you is if you could give this committee specifics of what that cost is in your case on these projects, that will really help us when we craft this bill.

Mr. LOZIER. For this?

Ms. SCHMIDT. This or any other project. Or anyone else.

Mr. LOZIER. I have boiled this down to design standards. Because the roadway, the footprint of the project drives all these other effects. We're instructed to avoid environmental impacts, but on the design side the shoulder widths, the lane widths, slopes—and we have a new environmental commitment to make our ditches, the bottoms of them five feet wide so as to slow the water down in accordance with NPDES, the Clean Water Act, basically.

In every case, on these roadway widening projects, it's the width. It's the footprint. When we did all of our own projects with our own money, we used our common sense to avoid these things as best we can. If we see that we're going to impact utilities, for example, which are very costly—they control timeline like nobody's business, because we have to coordinate with private utility companies—it's a very difficult thing.

We avoid it. Our instincts tell us to avoid it. Again, I appreciate the fact that these design standards are tested by the AASHTO. There's a lot of data telling us why we do this.

But on the other hand, I had one particular project in Licking County where we were trying to use Federal money. It has 1500 ADT. And the typical section, again, is 120 feet wide. Now, as elect-

ed officials, we have people saying "What? What are you doing? Why are you making this so wide? All we need is a little bit of recovery width on our shoulders."

Well, we wave the design standards in front of them. We can't really do that. People don't understand that it's not a common sense approach.

Ms. SCHMIDT. People like common sense. If you could send us any and all information on that, that would be really helpful.

Mr. LOZIER. Can I make one point? I want to say that we are very optimistic with Jerry Wray. Since Jerry Wray's arrived, I'm very confident that they're going to help us through this. But there needs to be enabling language in the Federal bill, to free them up to free us up.

Ms. SCHMIDT. And that's what I'd like you to help us with, sir. Thank you very much.

Mr. Policinski, I love your idea about regional government improvement zones. You actually came to my office with that suggestion, and you said that you were working on it. Have you worked with any Member of Congress for some language, probably in Ways and Means, regarding this? And where are you now?

Mr. POLICINSKI. First of all, Congresswoman, could I just say, Chairman Mica, will you please make sure that the Brent Spence Bridge moves forward? Because if you think that she's tough on you, Mr. Chairman, how do you think she is when it comes to the little old director of little old OKI? Yes, we're working with Geoff Davis. Very closely with Jeff.

We've also had interest from Mr. Tiberi's office. Actually, Mr. Blumenauer has expressed interest. So we're working very closely. We look for introduction. We had a little hiccup at the end of last session. We were planning to introduce then, but we're working very closely and we anticipate that there'll be introduction in the spring.

Ms. SCHMIDT. Thank you very much. And Mr. Tuttle, when you talked about the 11 hour road rule for trucks, one of the things that I wanted to ask you was, did you think that there should be some flexibility in those hours of service?

I know sometimes when the person is sitting in the cab and they're waiting and waiting and waiting to pick up a delivery, that that counts against them. And so if they're two or three hours waiting for the delivery, that counts as road time.

And should we find a way to make sure that they're still safe on the road, but look at time on the road in a different way? Your thoughts, because you want to make sure they're safe.

Mr. TUTTLE. It's very ironic that you bring that up, and I appreciate your bringing that up. In fact, there is rulemaking before the Federal Motor Carrier Safety Administration right now that would actually reduce our allowable time to 10 hours per day.

And we consider that—

Ms. SCHMIDT. More draconian.

Mr. TUTTLE. Thank you very much. As an industry, our safety record in the last couple of years has been better—we are now as safe as it has been since it's been recorded in the last 50 years. Clearly 80 percent of accidents involving cars and trucks are the fault of the car driver.

Without getting into all the statistics, it is very inflexible right now. We do not have a way to reach out to those shippers and say "You're going to have to wait for two or three hours." We do not have flexible sleeper berth times.

And that's reducing it from 11 hours to 10 hours, which is rule-making that's in the process right now, and they're also talking about—it's also ironic we talked about the lack of parking spaces. In that rulemaking, there's also a rule that instead of 34 hour reset, which our drivers have to take approximately once a week, without getting into too much detail, the new rulemaking says that you have to take consecutive breaks between midnight and 8:00 in the morning.

If two of my trucks, one gets in at 11:00 on Friday night, the other one gets in at 2:00 on Saturday morning, three hours difference, the one driver can return to service on Sunday morning, as it is right now, with a very safe industry. The other driver, who gets in three hours later, if the rules that are in rulemaking right now go into effect, that driver cannot return to service until Monday morning. So we're going from a system that appears to be working, that we have very flexibility, to an even worse system. But thank you very much for the question.

Ms. SCHMIDT. Thank you very much, and I see that my time is out.

Mr. MICA. We'll get back to you. Mr. Shuster?

Mr. SHUSTER. I'll continue along this line of questioning. I was going to ask the same types of questions Ms. Schmidt was.

I had a trucking company tell me that it's about \$5,000, \$5,500 per driver. That's what this will cost if they change those hours of service. I was just wondering if you had any—if you could give that to us today, that would be great.

Mr. TUTTLE. I try to run our own trucking company. This issue is so important to us that I was actually—I took a couple of days of my time two weeks ago, and when I was in Washington, DC, it is a huge issue that will hurt productivity, and will hurt my drivers in their pocketbooks. I appreciate both of you bringing this up.

Mr. SHUSTER. If you could come up with a number, that would be helpful.

Mr. TUTTLE. I can see about a 20 percent loss in productivity for our drivers.

Mr. MICA. Thank you, gentlemen. Let me yield to another member of our committee, the gentleman also from Ohio, Mr. Gibbs.

Mr. GIBBS. Thank you, Mr. Chairman. I'd like to start with Director Wray. I'm really intrigued by your terms about the innovative financing, and the first question that I think through that—with broadband or whatever, I think you mentioned something about that.

My first thought is that mostly it might be State laws. I might be wrong about that, but it's my first thought. Or is there Federal restrictions when you use Federal money to do improvements to highways and stuff? When it's used to do that? Or is it State laws.

Mr. WRAY. The start of the problem is that if you use Federal or if you have used Federal money, then it's the Federal regulations that control it.

There may be some considerations with the State law, but I'm sure we can deal with those much easier than we can with the Federal regulations. As it is now, there's a lot of restrictions, but the basic answer is no.

Mr. GIBBS. So I guess I would look for specific examples of how you would want to change that. What would give you the optimal flexibility, especially when we're trying to get some more broadband or fiber laid, I think that makes a lot of sense.

Mr. LOZIER, a question Congresswoman Schmidt touched on a little bit, but I know in our discussions we talked about the right of way issue, and this project in Licking County. I guess we've got a choice before the panel, where the restrictions that came to you, but they didn't come from the State as much.

Because if you look at State Road 37, it has very little shoulder. And the road you're talking about, you have to put in a shoulder similar to what's on your State highway system, I believe. And yet by the right of way, the Federal dollars really become diluted to such a point there—

Mr. LOZIER. Congressman Gibbs, I believe you're talking an example where I put my friends at ODOT on the spot. And when we have these projects using Federal funds, where we're trying to widen the local road, that we have to increase the local roads to 10 foot shoulders and flat slopes, and all that sort of thing.

And my question to them is, we have State routes in Licking County with traffic counts that well exceed that amount, and the crash rates are much higher. Why have they not been improved to these standards?

And tongue in cheek, I know the answer to that is, I believe that when they do improvement and maintenance projects, they're also using State money, I think, that avoids the triggers of the Federal money.

And this is another issue, that Federal funds—and I'm going to speak in general terms—aren't allowed for maintenance projects. And this is another issue that we've addressed in our written testimony, and perhaps ODOT would be better to address this.

But if the Federal money was made more flexible for use by ODOT in maintenance activities, it might free up more of the State money for local governments. It would have a domino effect that we could possibly be the benefactor. Again, I'm way out there, speaking for them. But in general, I see that if—to answer your question, I believe the reason that that happens is because improvement projects on State routes have been done with State money, where—

Mr. GIBBS. I'm going to throw that back to the director and have him respond to that.

Mr. WRAY. Congressman Gibbs, he's exactly right. And we are aware of it. We actually have to have a legislative change in Ohio to allow us to spend State-only dollars on the system. And there are a lot of complications going with that, but we are prepared to pursue that, and we will be dealing with that with our Ohio legislature.

Mr. GIBBS. Mr. Burgett, I want to open up to you. You dropped some out of box ideas, and like the chairman said, that's what

we're looking for, on how to streamline the process and get things done.

When I found out, 15 years ago, projects were going, and I know some projects were going on maybe a third of that 15 years before the first shovel of dirt got turned over, because of all the environmental impact studies, environmental studies.

And the information sounded a little bit like what you actually go through when you start doing a real construction project, and the sound of that. So maybe we could figure out, see if we can paint a picture.

Mr. BURGETT. Actually, the issues that you're addressing there are taken care of before we typically get involved with the project. The biggest hang-ups that we end up facing ends up usually being utility relocations that aren't done timely.

And one of the points that I didn't make that's in my written testimony is, I think we need some laws that would give the State and municipalities a little more power over utility relocations.

We quite often see delay claims and additional costs associated with utilities not being relocated. We actually asphalt paved around an electric pole here in Franklin County, because it took over a year to get that pole moved. And then we had to come back, of course, and fill the hole when they finally moved the pole.

Mr. MICA. Thank you, gentlemen. And let me recognize Mr. Shuster, also of the committee.

Mr. SHUSTER. Thank you, Mr. Chairman. Mr. Fromm, if you could just—the three communities that you are operating your equipment in. Could you just tell us where they are?

Mr. FROMM. Chairman Mica, Representative Shuster, we are—the vehicles that are in service are, I believe, five double decker DMUs in Miami, running between there and West Palm Beach, very active. Chairman Mica was very instrumental in supporting that, and I appreciate it.

Portland, Oregon, a very highly progressive transportation city. We have four single level cars running on the west line. And Alaska, which takes passengers to Denali mountain, where the transportation by rail is so critical.

Mr. SHUSTER. And are you able to provide us with information on the operation costs, and how that site's going, so that we can—

Mr. FROMM. It's interesting that you would bring that up. That's the reason we were so interested in it. It's one third more efficient from the standpoint of fuel, and about half as noisy, or not nearly as noisy as a traditional locomotive would be. So it's our conclusion that this unit is far less pollutive than a traditional locomotive would be.

Mr. SHUSTER. Anything you could provide us with hard data on, that would be helpful to me. And I've ridden on your route into western Pennsylvania, and we went from Pittsburgh to Harrisburg, I believe it was. Or vice versa. Very comfortable ride, also, so I appreciate that.

And when it comes again to the data, Mr. Tuttle, any way you can—you say 20 percent, but if we could see hard numbers—because a couple of my trucking companies have come to me and said

“A decrease in hours of service is,” and I got 5,000 from one, 5,500 from another.

And in Washington, those kinds of numbers are powerful, so that I can do the math for other Members of Congress and they can see what kind of dollars it’s going to cost a small trucking company with 50 or 100 drivers, or a significant chunk of—

Mr. TUTTLE. I can tell you that a typical week for one of our drivers is 2,200 to 2,400 miles a week. And they make between \$50,000 and \$60,000 a year. It would be an \$8,000 to \$10,000 pay decrease.

Mr. SHUSTER. How many drivers do you have, by the way?

Mr. TUTTLE. I employ 92 drivers, presently.

Mr. SHUSTER. All right. Thank you. And Mr. Wray and Mr. Burgett, two questions came up that both of you were talking about.

One, Mr. Wray was talking about utilizing the right of way to raise an issue of funds. One of the very difficult debates that occurs in Congress is billboards and advertising on roadways, you’ve got a pretty significant and powerful coalition that has limited that over the years. So when you say “advertising dollars,” what are you looking at? What ideas do you have?

I know I’ve talked to a couple of firms that are—the idea of taking and beautifying landscaping along the highways with companies’ logos to raise dollars. And I don’t know if you know anything about that.

Mr. WRAY. Congressman Shuster, it could be what you just mentioned. Some sort of a public/private partnership to beautify the area, or to increase capacity. I mean, we’re looking at all options.

Mr. TUTTLE. And the other thing Mr. Burgett brought up, and this is something I hear a lot, about focusing the dollars to highways. The grand compromise, in probably the 1970s or the 1980s, was the transit/highway compromise in the urban/suburban areas.

And I just wonder, what kind of debate would happen here in Ohio, with Cleveland and Cincinnati and Columbus saying “Hold it a second.” You could make the argument, and I think it’s a valid argument, that if you put money into transit, you take cars off the roadway. So what kind of debate would occur here in Ohio between the urban, suburban, and rural areas?

Mr. BURGETT. Let me clarify. I’m talking about the portion of Federal dollars that presently go to highways, that those be focused only on the national highway system, which would bring clarity and let the rest of us know that we need, in our State or municipality, to find a budget for the others.

As it is right now, we don’t know what kind of a trickle we are going to get from the Federal Government. So I’m not talking about taking transit dollars for the national highway system. I’m only talking about eliminating which roads those funds go to. And that would also take care of Director Wray’s 90/10 deal.

Mr. WRAY. Congressman Shuster, if I may, and you probably know this, particularly with your background and your father’s background. I used to quote him in speeches, often. If you go back far enough, there was a time when the highway system and the transportation system was funded at the State level with supplement from the feds.

That has completely switched to the point now that the Federal Government is the driving factor and most of the money, and that's why I mentioned what I said. If Secretary LaHood's proposed budget that came out earlier this week becomes reality, Ohio will not have enough funds to match it at an 80/20 match.

So what Brian is talking about is providing more clarity. "This road is going to be financed by this fund by the Federal Government, not the State government. And the other is going to be financed the other way." So that we can get more clarity.

And maybe it should be that some of our Interstate should be 100 percent Federal, with the understanding that we are not going to do all US routes, that we are not going to use Federal money on all US routes. So just providing more clarity would be very desirable in the reauthorization bill.

Relative to the modal aspect of what happens in Ohio, if you're asking me would there be a debate, there would be a robust debate. And that would be a healthy thing. And the idea is for us to come up with a system that provides the most value for the investment of the people of Ohio.

Mr. SHUSTER. I see my time is up. And I think it's going to be imperative in this new bill that we have clarity, and I'm sure the chairman is going to take it in that direction. But thank you very much.

Mr. MICA. Thank you, gentlemen. I will recognize the Gentleman from Ohio, Mr. Stivers.

Mr. STIVERS. Thank you, Mr. Chairman. Again, thank you for including me even though I don't sit on the committee of jurisdiction. I was really taken by something that Director Wray said, as well as something that Mr. Fromm said, about economic development.

One of my favorite movies is Blazing Saddles, and in that one of the characters says—the character named Mongo says it's all about "where the choo-choo go." And the point of that is, economic development is driven by where our roads and our rails go.

And Director Wray and Mr. Fromm both talked about how you can leverage those destinations and the change in economic value of those destinations. And I would like both of you to maybe expound upon that, and how that could be used to help finance our roads and bridges.

Mr. WRAY. Congressman Stivers, you are asking regarding public/private partnerships, or just the impact of transportation?

Mr. STIVERS. You talked about your rest areas. Obviously there's food at those rest areas. You can use those franchise things there like they do on the Turnpike, but I think you're not allowed to today because of Federal rules.

You hopefully will be able to use your right of way for—whether it's fiber or cell towers or other things you could put on that land. Land has value. Except the Federal Government tells you can't use that land.

Same thing with Mr. Fromm. Where the rails go, people go. And it changes the economic value of those destinations or those depots where the trains end up. And can we leverage that change of value through economic partnerships?

I guess that's what I'm trying to get at. And if you could expound on how the Federal Government is actually not allowing you to le-

verage the value of both that land, your right of way, and the land of the rest stops—and frankly, where you take new interchanges and where you take new roads, there becomes a change in value, and you can leverage some of that.

Mr. WRAY. Congressman Stivers, obviously there is a partnership between the Federal Government, USDOT, and the State DOTs. And in a couple weeks I'm going to be going to a national meeting that's going to last two days, and that will be the topic of the full two days.

So certainly we need a strong partner with the Federal Government in terms of what we provide in terms of transportation. Where we tend to part ways is that the State DOTs are typically looking for economic development and jobs, and looking for speed and value.

FHWA tends to have a more—and I'm talking specifically here about highways, more of a national perspective. They talk a lot about the integrity of the main line, and the throughput of the traffic.

And they will actually say to you, "We are not really interested in economic development. That's your issue. Our job is to take care of the system." So at that level, we need more flexibility.

Mr. STIVERS. OK. There's about a minute and a half left.

Mr. WRAY. We need more flexibility. And at the same level, obviously, every project that comes to the DOT—and I mean every project that comes, whether it's transit, rail, highway, bridge, whatever it is—the sponsors and the people who want that project say that it's imperative for economic development. It is our job to decide.

Mr. STIVERS. Thank you. Mr. Fromm?

Mr. FROMM. I guess I can't speak to this from transportation. I have never done this before in terms of economic development. But I have the largest land developments in Columbus and Cleveland, and they're both public/private partnerships. They're both on sites where the public could not solve these problems. They were inactive properties. Latent property.

But with the private sector putting in their capital, and with us putting in our professional skills and labor—we're not looking for handouts. We're looking for public/private partnerships that are equal.

And we were able to get Federal funds, and State funds, and county funds, and local funds, to where we had approximately 10 different public and private parties investing in the Columbus project. It went from a negative asset that nobody would touch, a community that wouldn't develop at all, into one where it's now valued at over \$20 million.

Mr. STIVERS. That's great. Thank you. And I only have about 30 seconds left, and I want to get to—so that I think that really does illustrate that it works.

Director Wray, you know, we talked about expedited timelines. And it's my understanding that timelines can go from about 15 years to about four years if you actually focus and the Federal Government gives you some flexibility. Just a yes or no, is that correct?

Mr. WRAY. Correct.

Mr. STIVERS. Thank you. Also on flexibility for Mr. Tuttle, because I'm really almost out of time, would it be helpful if you got more flexibility on defining what your drive time/road time was, that would allow your drivers—even if it was 11 hours, if they were sitting in the cab or not in the cab because of the delivery, that made the time more flexible. Would that be helpful?

Mr. TUTTLE. Absolutely.

Mr. STIVERS. Thank you. And I think I'm out of time. Thank you for all the panelists. I'm sorry I didn't get to ask all the questions I wanted, but I appreciate you all being here today, and I'd like to thank the chairman for holding this hearing in Columbus, Ohio. Thank you.

Mr. MICA. Thank you. Let me yield, if I may now, to the counsel for the minority side of the committee, to see if he has any questions.

And if any of the Members have additional questions, or the minority side, everyone, of course, is welcome to submit questions to the panel. And the responses, if you cooperate with us, will also be made part of the record.

Let me just ask a couple of closing questions. Mr. Burgett had some interesting proposals in terms of narrowing some of the highway programs and just focusing on the Interstate. Of course, it would probably get a lot of push-back. Everybody wants us to do every program. I think we started out with four core programs, and we're up to 100-plus.

How do you think that's achievable? And again, how would you put that together? What are you thinking?

Mr. BURGETT. I appreciate the question. I think it has to be phased in over a multi-year timeframe. And one of my thoughts on that, with the recently proposed funding by Secretary LaHood, if that money could be spread out over a two to three year phase-in to allow us to give the States an opportunity to legislate how they're going to come up with this funding gap in the future—I think the whole key to this is the importance of certainty.

And we have not been able to get certainty out of the Federal Government. If we just let people know, "This is what we're going to take care of, the rest is your responsibility," then I have faith in our State governments that they will take that responsibility and come up with a method of funding. But we need to have that phase-in time.

Mr. MICA. Let me say also that I like your idea about utilizing as much of the right of way, giving as much discretion as possible.

Mr. Wray had suggestions—and let me just comment. You don't have to respond. But I think the chances of going to 90 are slim to none. It's actually been headed in the opposite direction, as I'm sure you know.

But I think several of you raised the question of stability. One reason I acquiesced to have the next extension was since there was no way I could do, just having taken the committee over, have a completed bill by March 4th. So while I'd like a shorter term piece of legislation to put pressure on Congress to move with the reauthorization, I did acquiesce to go to the end of the fiscal year, which was the request for some stability.

Now, this will be our seventh extension, and each of those causes a period of uncertainty, inability to plan, and certainly inability to do any long-term commitment from the Federal Government, or initiation of significant projects.

Mr. Lozier, great ideas. I'm going to take your language back. When we start crafting this, if you would also monitor the language that we're doing about, again, this whole process. Sometimes the staff on both sides of the aisle think of the way things are done now, and think we have to do this and that. I want to try to get them outside the box.

We had reached an agreement with Mr. Oberstar, moving forward with this on expediting projects and speeding up projects, but I think we only reached the tip of the iceberg. And I think there are innovative ways—we'll look at your language and hopefully adopt some of that.

Mayor, you cite a great example of a small community trying to dog it with the Federal Government, in just the last eight years since I got shafted in redistricting. My wife will be out here in a few minutes with soap and water.

But I never had small, rural communities, and I got a whole new understanding of the institutional challenge that you all face. And it's really ironic that the small communities, rural or disadvantaged communities, are the least likely to be able to participate. We're going to try to improve that. And again, we want you to be with us in that process.

Burgett wasn't as hot to trot on the PPPs, and I think we had some disagreement there. Do you want to tell me again what your problem was, and then a couple of you might have a solution.

Mr. BURGESS. We've looked at five different triple P projects over the last few years, none of which have been able to go forward because the dollars didn't work.

Mr. MICA. Is there anything that we could have done to sweeten the pot, like maybe backed—

Mr. BURGESS. Let me give you an example here of how far the numbers are. A current project that exists out there—I won't name the State, but it's not Ohio. And we were the low bidder on a \$200 million pricing.

And the State had initially set that project up as 3P, couldn't get the finance on it. Decided to take it back and handle it through their toll authority—

Mr. MICA. This is financing?

Mr. BURGESS. Yes. They decided to make a toll road through their existing turnpike. They did the numbers on it, and when they would sell the bonds, what they would cost and all this, they could get \$50 million out of the bonds that would be paid back from the tolls over a 30-year period of time.

Mr. MICA. And that leaves \$150 million?

Mr. BURGESS. Right. They say they can start with bonds, but the numbers get worse. To put the tolling equipment in, the facilities to do the tolls, will cost \$20 million. So now you get a net \$30 million.

And the numbers get worse. The tolls that would be charged to the traveling public across that amount to \$10 million a year. So

over 30 years, we're charging \$300 million. We're going to have \$30 million available to actually do construction with

Mr. MICA. So the numbers don't work.

Mr. BURGETT. And that's on the US Highway.

Mr. MICA. Mr. Policinski.

Mr. POLICINSKI. With this idea of RIIZes, regional infrastructure improvement zones, these are in fact public/private partnerships. And you put in, instead of the local money, you're going to be putting private sector dollars.

I think it's important that we recognize, as I'm sure you do, that the private sector might be more attuned to economic development projects than the government. Consequently, those projects that would move most quickly would have the biggest bang for the buck. So as far as this idea of RIIZes, they are public/private partnership. And we think they're a good one.

Mr. MICA. Did you have something, Mr. Gattozzi?

Mr. GATTOZZI. I think our definition of public/private partnership is slightly different, but I think it's important. Our point is that there are projects of local significance, but that also have national or regional impact as well.

And making those investments so that you get a return on investment model, to look at what are the jobs going to be created? What is the money going into the project? Does it make it worthwhile to make that transportation investment, put those dollars into it?

So not only from the highway, so we can have the smoothest highway, but if you don't have the feeder into the project, you're not going to be able to move those goods and services through.

And so I think getting that input from the local community on a regional basis is critically important to understand the prioritization, because we realize that those dollars are limited. So let's prioritize those projects that are going to result in economic development and private investment in facilities and job creation.

Mr. MICA. Mr. Tuttle, you represent an incredible part of our economy. And if anyone wants to see what makes the country grow and grow, it is the masterful private sector trucking industry that is the backbone of our economy.

Sometimes I get criticized when I'm trying to get as many trucks off the road as possible, but I don't mean that in a derogatory sense. I mean that I'm trying to save you fuel.

And when it gets to four or five bucks, you'll be supporting some of the proposals that I would champion, and try to get more on rail, even drive-on. Whatever we can do. I'm trying to get you to maximize that great service that you provide, and hopefully make even better profits. We're looking at solutions, and we welcome your suggestions. We'll look at the hour thing as we go along.

Finally, Mr. Fromm is a businessman who has invested in and bought the assets of Colorado Railcar. And his predecessor, Mr. Rader, I think, was an incredible entrepreneur in developing a diesel motorized unit—those are self-propelled railcars—at his own expense. No Federal development money.

Then he went further than anyone in the United States in getting the vehicle crash tested at his own expense, and put it all together. It is doing fairly well, and we actually acquired some for

Florida that run in the TRI-RAIL system. We're on our way to Portland tomorrow, and I haven't seen those, but we'll look at those.

On the fourth of March, what I highly recommend to those folks in Ohio coming down to Miami is that we're going to have a display of his vehicles that have been running for years with great fuel efficiency, very low emissions, cost-competitive to other options.

But unfortunately, Mr. Rader got involved in some other investments, and then got hit by the economy and went bankrupt, I believe it was. And Mr. Fromm made a very wise investment in securing all of that technology and the ability to produce those vehicles.

I am sold on them. I think that the problem he's had is that he's had to deal with the Federal bureaucracy to put a self-propelled passenger vehicle on some existing or semi-abandoned routes that run through the hearts of cities, and that could provide an essential service at the lowest possible cost.

And God help us, the process is just so cumbersome, it's amazing that anything can be done. But we're going to see if we can't get something done to get that kind of technology that has been developed in the United States back here, and he's looking, I think, at manufacturing and activities located here in this area. So we're pleased to see you, and thank you for coming.

I have spoken too long. And what I want to do is again thank our hosts. Mr. Gibbs, Mr. Stivers, this is your hometown. Ms. Schmidt, you're close by. Ohio is well-represented. If I had more Members like this on the Committee and in Congress, we would do incredible things for the country.

But the problem is, I have to deal with people like Mr. Shuster. Thanks again, Bill. But all kidding aside, we do have a great working team. We're pleased to be here, in the Statehouse of all places.

We are a little bit behind schedule, so we don't mean to be rude, but Mr. Shuster and I are supposed to do a similar session in Indianapolis very shortly. We'll leave the Ohio members to your pleasure, and thank you so much to our witnesses and those in the audience. If you're in the audience and you heard something that you want to comment on, let us know.

If you have suggestions, positive things that you want to see in the bill, we want you to get them to one of these Members that are on the Committee. We'll even take some from Mr. Stivers, who is not on. But get them to us. We're going to move forward with this so we can provide the stability over the long term.

And I've threatened to take anyone else that says anything less than a six year bill, that sets forth the policy, the projects, the funding formula, lays out the whole landscape so we can be good Federal partners—I've promised to take anyone outside and beat him up that says that we're going to do a shorter term bill, or not do a bill. So we're going to be able to do that, with your help.

There being no further business to come before the Transportation and Infrastructure Committee of the United States House of Representatives, this field hearing in Columbus, Ohio, is adjourned. Thank you.

[Whereupon, at 12:33 p.m., the hearing was adjourned.]

Testimony of Brian Burgett before the House Transportation and Infrastructure Committee

February 19, 2011

Good morning and thank you for taking your valuable time to crisscross the country to get a pulse of what can be done to improve and reform our nations surface transportation programs. My name is Brian Burgett. I am President and CEO of Kokosing Construction, a company started by my father 60 years ago. Our Company employs between 2500 and 3000 employees during the construction season. Forty percent of our work is in highway and street construction. This type of work is greatly impacted by the level of investment the Federal government decides to make in our highway infrastructure. Due to lack of action by Congress and the President in passing the normal 6 year reauthorization of the highway bill we have not been able to make long term commitments such as hiring new college graduates and buying new equipment. The construction industry has over 22% unemployment making it the hardest hit sector of the U.S. economy. So my first request to you today is to urge you to put in place a six year bill that will allow states and contractors to plan and that this bill have funding levels that will allow our highway system to be revitalized to a world class level.

I do applaud your efforts to reform the Federal Transportation System Processes. I believe that changes here can make the appropriated dollars go further. The following are some major changes that I think are needed:

1. FHWA oversight of the state DOT's needs to be changed so that FHWA sets the standards for design safety for the National Highway System and merely audits the states to see that the system complies. These audits should be done every 3-5 years. FHWA would not have any review authority for individual projects. We would do away with the FHWA staffs in the states and instead would have a regional staff covering multiple states that acted as a resource to answer specific compliance questions from the states and do the periodic audits. This proposal would cut significant time off of project design and construction as well as reduce government overhead.
2. I would propose that the only funding responsibility of the Federal government be for the National Highway System and that all other highways become the responsibility of the states they are located in. The logic behind this is that 70% of truck traffic is carried on the NHS and interstate commerce is critical to a vibrant National economy. All Federal funds would be reduced to one fund for the NHS.
3. We need to stop thinking that Washington can decide what is best for each of the 50 states when it comes to forcing them to spend money out of certain pots. States most important needs change geographically and from year to year. If we have a really tough winter with a lot of freezes and thaws we may need potholes and pavement fixed a lot worse than we need money spent on covered bridge preservation. A state in the south that didn't get that winter damage may want to spend their money to do an accelerated bridge construction to minimize

impact to the traveling public. We have different needs from year to year don't try to make us all fit the same mold.

4. At the present time states can move funds from their Highway allocation to Transit funding but they can't move money from their transit funding to their highway funding. Again this feels like a Federal Government that is trying to make one shoe fit all states. Flexibility needs to go both ways.

The last area that I would like to touch on is the use of Public Private Partnerships, 3 P's, they do have a role, but that role is limited to areas with high traffic volumes and few free alternative routes. As a large contractor I like the idea of 3 P's because it helps eliminate the mid size competition and allows me to get a better margin for the work I do. So thank you for making these a consideration.

However when I take off my contractor hat and put on my citizen hat my views of 3 P's change. Here's why:

1. It's the most expensive way to build projects because private entities pay higher rates to borrow money than public entities do. 3 P's involve bringing many more people into the project that all need to get a piece of the action. This includes people such as 1) A developer 2) Lawyers for the contractor, the developer, the contracting authority, the engineering firm etc. 3) Then you have the investment bankers, 4) You have the expert advisors to the contracting authority. These people all get their money up front to be paid by future tolls.
2. They are not efficient. We are working on a project that will cost \$20 million dollars to construct just the toll collection facilities. The tolls paid over the 30 years will be about \$210 million dollars and out of that only \$35 million present value dollars will go into the building of the \$200 million project.
3. The cost per mile for tolls on 3 P's is ridiculous. The average driver today is paying a total gas tax of \$.45 to \$.50 per gallon. If they drive a car that gets 20 miles to the gallon they are paying \$.025/mile to use the road. If you drive the Ohio Turnpike with their new rates it will cost you \$.062/mile plus the \$.025/mile gas tax for a total of \$.087/mile. If we tripled our existing gas tax it would still be cheaper than the Ohio Turnpike and it is cheaper than all the new 3 P's being built today.
4. The last point on 3 P's is only a very small portion of projects can even do a 3 P. The project has to have a very large average daily traffic count that doesn't have a good alternative road to travel on to avoid the tolls. This generally narrows the field to certain interstates and certain major bridges where motorists don't have a viable option.

In conclusion 3 P's are the worst way to finance highway construction and should only be considered when Congress refuses to fund them in a more economical manner. We need to give states the flexibility to spend the dollars that come from the Federal Government on the highway items that are a priority in their state not what somebody in Washington 6 years ago decided was going to be important

for them. We need to reduce the role of FHWA which will in turn speed up the process and reduce overhead. We need stability and predictability in the funding of our highway system. If the Federal Government is not willing to bring this stability and predictability they should get out of the way and let the states do it.

Thank you for the opportunity to present this testimony.

US Railcar Company



Statement of
Barry Fromm, Chairman
US Railcar LLC
before the
Committee on Transportation and Infrastructure
United States House of Representatives

High-Speed Rail in the United States: Opportunities and Challenges

February 19, 2011

Good morning. Chairman Mica, Congressman Gibbs and Members of the Transportation and Infrastructure Committee, my name is Barry Fromm and I am Chairman of US Railcar Company, based here in Columbus, Ohio. Thank you, Mr. Chairman, for inviting me to be here today. It is a privilege to be able to share with you and members of the committee why the next transportation authorization bill is so important to citizens and business owners like me. As an entrepreneur, business leader and as a concerned American Citizen, I support the national vision of growth in American manufacturing jobs, return on investment of public investments, mobility of our workforce and economic development – all possible through the growth in a passenger rail system.

I would also like to recognize Congressman Steve Stivers, who not only is my Congressman but is also a friend. We are proud of your efforts on behalf of Ohio's 15th Congressional District. Thank you for your dedicated service.

First, the key to success for the next transportation authorization bill is that it includes adequate resources, flexibility and **strong incentives for entrepreneurs** like me to enter into public-private partnerships to drive transportation investment for America's future. In January 2009, I led a small group of private investors – primarily family and friends - in the acquisition of assets of the first and still only Federal Railroad Administration (FRA) compliant, self-propelled Diesel Multiple Unit (DMU) passenger rail car in service in North America today. Our group invested its own money because we believe that passenger rail is a crucial part of America's transportation future. **Americans and American know-how must be a part of it.** The barriers to enter the passenger rail manufacturing market are high as we compete against well funded, well established foreign competitors. The authorization bill must support re-entry into the passenger rail manufacturing market by American owned companies. US Railcar Company is ready to contribute to the growth of America's passenger rail system and we are the **ONLY** US-owned and US-based passenger railcar manufacturing company.

919 Old Henderson Road
Columbus, OH 43220
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www.USRailcar.com

Second, the next transportation authorization bill must give the necessary resources and incentives to federal state, regional and local entities to change the way that deals get done. We need to determine the goal and eliminate not erect, obstacles in the path. Time is money and we must treat time as a commodity and be sure that government works in partnership with the private sector. The private sector is good at getting things done, and the public sector is good at protecting tax payer' dollars – that is why we need to work together to get things accomplished in an efficient, timely and legal manner. Government by its very nature is risk adverse – we need to reward public/private partnerships that reduce risk, while being market driven. This Bill should reward public/private partnerships that seize upon economic development opportunities and not allow them to grow stale due to regulation and a preoccupation with process.

Third; Investments in passenger rail and in US-Based and US-Owned railcar producers will result in multiple benefits for America. In today's economy, return on investment for tax dollars is a paramount concern to everyone. The mobility of our workforce and job growth are accepted goals of all – the US Railcar DMU – our product – meets these goals in the most cost efficient and effective manner. The DMU was specifically designed and built to operate on existing freight tracks. At 79 mph maximum speeds on existing freight lines, our railcar could be quickly and efficiently moving passengers along the majority of existing rail lines in the U.S. tomorrow. As ridership grows, and economic development dollars are invested, new dedicated passenger lines can be constructed and speeds can increase. US Railcar's next generation of DMU would be ready for those higher speeds, and the DMU's originally purchased for the 79 mph mainline service could be repurposed to community feeder lines bringing more workers into the mainline.

For those of us who have invested and risked their own money to give America a chance to get back into manufacturing passenger rail cars, I am asking that you recognize how important this is for America's future. The Authorization Bill, with incentives for US-owned and based passenger railcar manufacturing, could foster the rebirth on this once proud US industry. I strongly believe we can revive and reestablish **American owned, American designed, and American engineered** passenger railcar manufacturing in the United States. We need your help; help that will benefit of our cities, our states, our regions, our nation, our workers, and most importantly our families of tomorrow.

I have submitted a much more detailed testimony describing our company and the benefits of our products and the opportunities we see. We look forward to working with you Mr. Chairman and members of the committee, along with members of the Ohio Delegation, to assure to the greatest extent possible, that America's competitive future is assured through transportation investment. I would be happy to answer any questions you might have.

Thank you,
Barry Fromm, Chairman
US Railcar Company

Testimony of

Nicholas M. Gattozzi III
Vice President of Government Advocacy
Greater Cleveland Partnership
Cleveland, Ohio

On behalf of Build Up Greater Cleveland and the Great Lakes Metro Chambers Coalition

before the

Committee on Transportation and Infrastructure
United States House of Representatives

On

Improving and Reforming our Nation's Surface Transportation Programs:
Columbus, Ohio Field Hearing

February 19, 2011

Mr. Chairman and distinguished members of the Committee, my name is Nick Gattozzi. I am the Vice President for Government Advocacy for the Greater Cleveland Partnership, a regional chamber of commerce located in Cleveland, Ohio. I appreciate the opportunity to provide testimony at today's field hearing, Improving and Reforming our Nation's Surface Transportation Programs. I would like to thank Congressman Gibbs and his staff for the opportunity to testify. Additionally, I'd like to thank Congressman LaTourette, and his staff, for being long-time partners with our organization in addressing the transportation and infrastructure needs of Northeast Ohio.

Mr. Chairman, my comments today will focus on private sector investment and public private partnerships as they relate to federal highway programs.

Public infrastructure is a key driver of economic growth. While demand for services and maintenance costs continue to rise, available funding for public infrastructure is woefully inadequate. Municipalities face fierce competition for scarce local tax revenue and limited state funding.

In this period of economic stress, the responsibility of government to invest public monies efficiently and effectively requires a regional and strategic outlook.

Build Up Greater Cleveland (BUGC) is a unique public-private infrastructure partnership that facilitates collaboration and employs long-term infrastructure strategies that enhance the existing transportation systems in Greater Cleveland.

Created in 1983 and managed by the Greater Cleveland Partnership (GCP) and the Cleveland Engineering Society (CES), BUGC works across sectors, partnering with municipalities, public officials, and the private sector to support an infrastructure system that meets the demands of a multi-modal transportation network.

By rating and prioritizing projects based on factors such as economic development and job creation, BUGC is able to prioritize infrastructure projects on a regional basis to strengthen Greater Cleveland and Northeast Ohio's ability to meet the challenges of providing a safe and reliable transportation system. This partnership has proven to be an invaluable resource to public officials in assessing infrastructure needs of the region.

Organizationally, we have replicated the BUGC model to form a 12-state coalition of metropolitan chambers of commerce in the Great Lakes region that, among other priorities, advocate for strategic transportation and infrastructure planning and expenditures. This coalition, as defined by the states of New York, Pennsylvania, Ohio, West Virginia, Kentucky, Michigan, Indiana, Illinois, Missouri, Iowa, Wisconsin and Minnesota, accounts for 33% of the nation's population, 32% of its GDP, 30% of its merchandise exports, and 28% of its patents. When the Canadian provinces of Ontario and Quebec are included, the bi-national Great Lakes Region is the world's third largest economy in terms of GDP.

The coalition recognizes that resources are limited and that fiscal responsibility is of paramount importance. At the same time, job creation is "job 1", and federal priorities and resources should be directed toward encouraging the growth of private sector jobs; which is why Transportation and Infrastructure was, and continues to be, the leading issue for the coalition.

The Metro Chambers' transportation agenda focuses on the development of regional 'trade corridors' that facilitate the movement of goods and services into and out of our 12 state region. The need to move manufactured goods quickly, efficiently, and safely to satisfy 'just in time manufacturing', as well as order fulfillment, is critical to the economy of the region and the nation.

Similar to what we do in Northeast Ohio, a federal mechanism should be implemented that allows for input from regional economic development organizations on transportation projects. Such a mechanism has been suggested in the Metro Chambers agenda, and similarly proposed in Chairman Mica's National Strategic Transportation Plan. This input would allow for the integration of information relative to how federal funding would leverage economic development and job creation at the regional and local levels. The resulting information would help to prioritize projects based on a Return on Investment model which would result in targeted federal funding in projects that have both multi-state and local impacts.

In closing, Mr. Chairman, I believe that regional economic development organizations, the originators of the Public-Private Partnership, stand at the ready to help develop and implement

policies that will leverage regional economic development initiatives with federal transportation programs to create private sector investment and job creation.

Thank you again for the opportunity to offer today's testimony. I look forward to your questions.

TESTIMONY to U.S. House of Representatives Committee on Transportation and Infrastructure "Improving and Reforming our Nation's Surface Transportation Programs: Columbus, Ohio Field Hearing" February 19, 2011
William C. Lozier, P.E.

Chairman Mica, Representatives Gibbs, Stivers and Schmidt, and Congressional staff:

Good morning. My name is Bill Lozier and I am the deputy county engineer in Licking County Ohio. I am here representing the County Engineer's Association of Ohio and I will provide comments for the record from two affiliate national organizations, the National Associations of County Engineers and County Officials (NACE and NACO.) My background and career includes serving at the Ohio Department of Transportation as a deputy director, I have worked for two local governments and in the private sector in transportation consulting. My entire career has been spent either managing federally funded transportation projects, profiting from it, or being immobilized by it.

Ohio's statutes require that each of the 88 counties elect a County Engineer to have authority over the County road system, and to act in an advisory capacity for the Township road system. The Ohio Department of Transportation (ODOT) is responsible for interstates, US routes and state routes. This is different than some of our neighboring states where the state department of transportation is responsible for maintenance, operations and roadway improvements projects for the entire roadway network. Additionally, Ohio is a home rule state, where incorporated municipal governments have authority over all non-interstate highways within their incorporated boundaries. Municipalities and the local governments that are subdivisions of the state have federal highway funds available to them that are passed down from FHWA and through ODOT.

In the past there have been different levels of FHWA and ODOT oversight for federal/local programs. In the 1980's and in prior years engineers from both agencies not only were involved in project initiation, but also had approval authority of project scope, NEPA documentation, design elements and construction engineering. Needless to say this was a very cumbersome, time consuming and costly process. (I was involved in the tail end of a local project in northwest Ohio known as the Greenbelt Parkway that lasted 25 years from inception through construction. During the course of that time, both the environmental document and design criteria became obsolete making it necessary to revise the E.I.S. and construction plans after they were completed.) Late in 1991, the new federal transportation bill loosened up federal oversight requirements, but there were anecdotal reports of this being slow to implement, and the levels of oversight are still not uniform nationwide. In 1996 ODOT implemented a new program for Local Public Agencies where there was less oversight certainly by the central office, and gave the locals a much greater role in managing federally funded projects, provided they made a contractual obligation to meet all the current FHWA requirements for right of way acquisition, environmental documentation and design standards. In a sense we were taking over the ODOT role for program compliance.

TESTIMONY to U.S. House of Representatives Committee on Transportation and Infrastructure "Improving and Reforming our Nation's Surface Transportation Programs: Columbus, Ohio Field Hearing" February 19, 2011
William C. Lozier, P.E.

Since that time the LPA program has devolved into greater oversight responsibility by ODOT than in the earlier stages. This oversight reversion has been precipitated by various instances of lapses in management of the program requirements by the locals. These situations reflected poorly on the LPA and ODOT, and presented risk to ODOT's own good standing with FHWA. I mention these lapses because over time they have resulted in ODOT re-claiming much of the oversight authority for federal/local programs, but also because it demonstrates inherent problems. In many instances local governments are forced to turn the entire project management over to third party consultants, because they have neither the resources nor knowledge to navigate through all potential pitfalls and process violations. This is a common limitation to many small municipalities and counties statewide and underscores the short term need for making the necessary resources available to assist local governments in navigating the process, **but ultimately the need for complete regulatory reform.**

In spite of the strides we had made toward local public agency ownership, in Ohio we are back to square one, as evidenced by the fact that many of our county engineers have laid down their efforts to demand reform, while others have eschewed the programs altogether. We are highly optimistic that ODOT's new Director Jerry Wray and his leadership team will do everything in their power to facilitate these programs for local governments, as he has a proven track record of doing just that when he was the previously the ODOT director. However, if the DOT is still bound by the myriad of FHWA regulations that currently govern the federal/local programs we can see history repeating itself. Let me be clear- it is not enough to facilitate getting through the federal highway project development process- In the longer term we need complete regulatory reform.

In order to achieve that goal, we are offering 5 suggestions for your consideration for inclusion into the federal bill. They are as follows:

1 – Make an allowance for local public agency governing authorities like the County Engineers Association of Ohio to develop their own design standards and approve their own design exceptions. Although there may already be an implied allowance for this in the federal rules, definitive enabling language should be added to the new highway bill in order to eliminate interpretation ambiguities.

2 – Make an allowance to pass the federal funded projects of certain size and scope through agencies like the CEAO and/or Ohio Public Works Commission thereby replicating a proven programmatic process that minimizes DOT oversight. The suggested size of project would be \$1 Million or less, and would include all roadways under local authority, even those on the NHS. This would be a move toward a block grant style program. Although this accommodation

TESTIMONY to U.S. House of Representatives Committee on Transportation and Infrastructure "Improving and Reforming our Nation's Surface Transportation Programs: Columbus, Ohio Field Hearing" February 19, 2011
William C. Lozier, P.E.

would require programmatic agreements between the CEAO, OPWC and ODOT, enabling language in the new federal bill would also be required. See Exhibit 1.

3 – Require that best practices for federal/local programs oversight by state DOT's be identified with specific emphasis on those that offer the greatest flexibilities, and require continuous process improvements by the DOT's during the term of the bill. NACE has determined that several states have adapted their programs to better meet the needs of their local constituents, but that widespread program implementation inconsistencies exist. The goal would be to create a menu of options for use by state DOT's as they improve their own governance procedures. Although the state DOT's will be responsible for increasing responsibilities of oversight, the continuous improvement role of the FHWA will discourage lapses in program flexibilities over time. Local constituent organizations like NACE should be included in this effort.

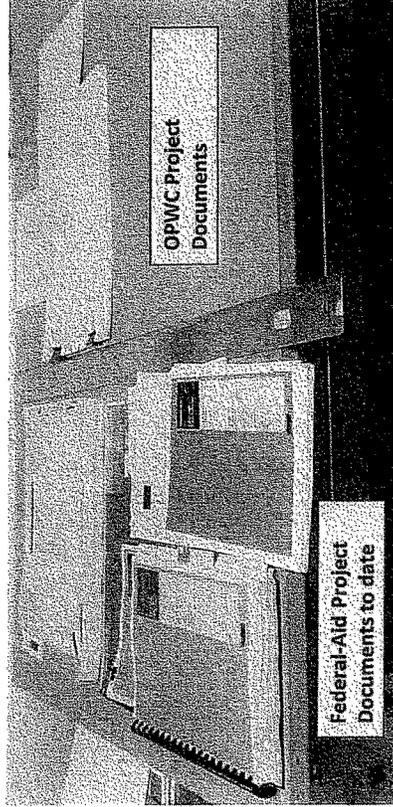
4- Maintain the current federal/local programs but gain better value through program reforms and continual improvement. County governments own about 1.77 million miles of highways – 45% of the nation's 4 million mile roadway network, and 256,000 bridges, or 44% of the total bridges nationally. Declining revenues and increasing material costs impact local governments as they do state DOT's. Ohio's County Engineers maintain 25,805 federal bridges of which 6,023 are structurally deficient, functionally obsolete, or closed. ODOT maintains 10,812 federal bridges, of which 2,207 are structurally deficient or functionally obsolete. Almost two-thirds of the nation's fatalities occur on rural roads. Fatalities are 2.75 times higher on rural roads than on other roads.

5- Strengthen technology transfer and other training programs for local public agencies. Although the primary focus must be on reform, training and communication efforts must get greater emphasis in the short term.

NACE recommendations for specific language in the federal transportation bill are shown on **Exhibit 2**. Supporting information to this language is included in **Exhibit 3**, NACE Federal-Aid Process Streamlining Issue Paper (4/19/2009), and in **Exhibit 4**, the Findings of the 10 Regional Every Day Counts Summits hosted by FHWA.

Thank you for your time and consideration to these recommendations for inclusion in to the new highway bill.

EXHIBIT I



Federal-Aid Project

- 3.5 Mile 2-lane widen/resurfacing
- Consultant RFP: 12/2003
- Plans Complete: 06/2013 (est.)
- Design Cost to date \$1.4M (Stage 1, 60% complete, 318 plan sheets)
- Additional Engineering: \$1M (est.)
- Construction Cost Estimate: \$12.2M

OPWC Project

- 2.2 Mile 2-lane widen/resurfacing
- Funding Announcement: 10/2008
- Construction completed: 10/2009
- In house design, 57 plan sheets
- Construction bid cost: \$587,000

EXHIBIT 2**Proposed National Association of County Engineers Legislative Language for Next Transportation Authorization**

The following legislative language changes/additions to the next Transportation authorization bill to improve the efficiency of implementation of the federal-aid program and access by local government include:

- "Within one year after the enactment of this legislation, each State Transportation Agency shall create an Office of Local Assistance to assist local transportation agencies with the development of federal-aid projects and shall publish a local government assistance manual for federal-aid projects,"
- "FHWA shall provide a Guidance Document to State DOT's within one year of enactment of this legislation outlining the Federal desire and intent to streamline the processing of Categorical Excluded projects as a means of expediting the delivery and minimizing the costs in implementing these projects which have been deemed to have insignificant impacts to the environment."
- "Any federal aid highway pavement preservation or rehabilitation, minor widening, bridge replacement or rehabilitation, safety, sidewalk, bicycle and pedestrian with minimal right of way taking, and under \$1 million dollars in total value only have to comply with State and Local regulations"
- "All federal permitting agencies shall have sixty days to determine if a permit will be required for a federal aid highway, bridge, safety, sidewalk, bicycle and pedestrian project that is designated as a categorical exclusion, is in the existing right-of-way and does not require any additional real estate acquisition. If it is determined by a federal agency that a permit is required, such federal agency shall have an additional sixty days to issue a permit."
- "Non-NHS projects and low-cost NHS projects.-Any State may request that the Secretary no longer review and approve plans, specifications, and estimates for any project (including any highway project on the National Highway System with an estimated construction cost of less than \$1,000,000 but excluding any other highway project on the National Highway System). After receiving any such

EXHIBIT 2

notification, the Secretary shall undertake project review only as requested by the State," (From ISTEA Section 1016: Program Efficiencies)

- Additionally, listed below are specific program items that the CEAO and NACE request that absolutely cannot be left out of the next transportation bill:
 - 23 USC 144(g)(2) which requires not less than 15% of the annual bridge allocation to be spent on off-system bridges
 - 23 USC 144(n), the Off-System Bridge Program. This program allows amounts expended in excess of 20% of the cost to rehabilitate or replace a federally eligible off-system bridge funded wholly from state and local sources to be credited to the non-Federal share of the cost of bridge projects eligible for federal funding.
 - 23 USC 120(c) which allows the federal share for certain safety projects such as guardrail and pavement markings to be increased to 100% federal
 - The Special Provision which permits obligation on rural minor collectors of up to 15% of a State's suballocation of STP funds for areas less than 5,000 population

EXHIBIT 3

**NACE Federal-Aid Process Streamlining Issue Paper
(Approved NACE Board of Director 4/19/2009)**

Issue(s):

In April 2008 NACE President Sue Miller established a NACE Federal-aid Improvement Task Force to study how improvements in the administration of federal-aid dollars by local agencies could be attained and to pursue improvements in the federal-aid highway program to allow more accessibility of federal-aid funding to local agencies. Associated with this would be an effort to "Restore the Partnership" among government agencies by the establishment of improved communications and collaboration with state departments of transportation and FHWA Division offices located in every state.

Background & Discussion:

In April 2007 the FHWA issued a final report from the recently completed national review titled, The Administration of Federal-Aid Projects by Local Agencies. The findings suggested that the administration of Federal-aid projects by Local Public Agencies (LPAs) may lack a systematic or comprehensive oversight approach. The review also suggests that the current oversight activities, as a whole, may be inconsistent from State to State and ineffective for ensuring that Federal-aid requirements are met on LPA-administered projects. It emphasized the need for a stronger emphasis on educating local agencies on how to navigate through the Federal-aid processes, but also identified a need for a stronger partnership between the States and the locals to get this done.

From the input of several State DOT local roads offices on the Task Force it is clear some states are implementing improvements to allow greater access to programs involving federal-aid dollars.

In Minnesota they are trying to streamline the application processes particularly with safety improvements projects for HSIP projects. They are simplifying the process by combining reporting and getting out of the actual contracting of work, limiting MNDOT involvement to design approval. The on line project memorandum writer process for simple project approval has simplified the paperwork and is receiving favorable response from local agencies. They have State Aid staff in all district offices as well as in expert offices like Bridge, Cultural Resources and Construction. The State Aid manual documenting processes is online. They are pursuing a fund exchange of state aid funds for federal funds to concentrate the federal funds on fewer projects. This will save money and time by using the more streamlined state aid process. The HELPP process is a program of streamlining between MNDOT and the FHWA Division office which is separating out what are federal vs. state requirements with a view toward just requiring what is absolutely needed for project approvals under federal-aid. While primarily administrative, not legislative, requirements they have included County Engineers on the review committee. A key to its success is the progressiveness of the FHWA Division office to seek improvements through process review and change.

Iowa was one of the pilot states in the national report and have been working on improvements over the past two years. Iowa has developed a Federal-aid project guidance manual that is on line. While it does not streamline the steps they have done some streamlining items in some projects with negligible impacts on the environment. If a project has no impact they can issue clearance and do not have to go to FHWA to gain additional approval. Work is continuing on the manual outlining all the federal steps and it is available on the web along with a detailed description of the approval process. It may be necessary to

EXHIBIT 3

encourage FHWA headquarters to provide clear direction on regulations. In summary they have their oversight agreement with FHWA, a guidance document and environmental streamlining process. Locals are using about \$20 to \$26 million per year at the county level in the federal aid bridge program while cities receive about \$6 million. The cities submit applications for funds and the state funds projects until the available funds are gone. Counties are provided an annual allocation of funds that they can allocate to qualifying bridges. The STP funds for counties and cities are programmed through 18 Rural Planning Affiliations and 10 Metropolitan Planning Organizations. Projects are programmed in local TIPs and then submitted to the DOT for inclusion on the STIP. The counties do not like going through these steps to obtain STP funds. You can find the Programmatic Agreement at the following locations.

<http://www.ole.dot.state.ia.us/documents/106PA&Procedures.pdf>

<http://environment.fhwa.dot.gov/streaming/searchresults.asp?keyword=&StateSelect=iowa&CategorySelect=all&startrow=1&ResultsSelect=10>

California has an office of local assistance in the State DOT (CALTRANS) with each of the 12 district offices having an office working with locals. All projects compete and go through their planning agencies. They have a local assistance manual which is available on line. While the program is well defined the biggest challenge is the environmental process. In SAFETEA-LU California was identified to work on streamlining and NEPA delegation whereby the State DOT could get approval authority without going back to the federal government for a second review. This is still being pursued.

In Oregon they have a Local Agency Guidelines (LAG) manual (also on-line). ODOT has put together a training program on the federal aid system which is in the website. ODOT has an "Exchange Program" for STP funds with counties and cities where ODOT provides 96 cents on the dollar of state monies in lieu of local agency STP allocated federal dollars. It was noted that other states also grant local agencies state-aid in lieu of federal dollars. Oregon noted that some programs like CMAQ at the federal level limit how you can use the dollars and do not allow use of the monies for program management. This is an item which needs to be changed to allow states to use monies for program staff. This appears to be a language issue in the current legislation and/or regulations which we should try to address through the legislative process.

In Kansas, they have a "Bureau of Local Projects" within the KDOT organization. It was noted that while Locals have some opportunity interact with the Kansas FHWA Division staff at professional meetings, Counties are expected to work through KDOT when seeking interpretation or clarification of FHWA requirements. This generally is reinforced by both KDOT and the Division office itself, which adds to the confusion about whose requirement/regulation it is. In the past, it had been found some of these requirements originated within KDOT, not the FHWA. Counties have been able to resolve these issues in some instances but not easily.

Washington has a "Highways & Local Programs" office within WSDOT. A strong relationship has existed between WSDOT and local entities for many years, including well established procedures and standards. General communication and coordination efforts are supported and enhanced through Washington's County Road Administration Board. Very limited contact occurs directly between locals and FHWA. Even with the long history of cooperation, declining resources has begun to create more adversarial situations, especially due to an increasing role being taken by the State Legislature in determining funding distributions. Even a long standing Federal-Aid program such as Washington's can

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benefit from improvements in federal guidance and simplification of rules.

In Idaho, the Local Highway Technical Assistance Council (LHTAC) was formed by the Idaho Legislature in 1994 to improve the coordinated efforts to all Local Highway Jurisdictions (LHJ) with the Idaho Transportation Department (ITD). The primary intent of LHTAC is to provide technical assistance to each of the LHJ's. LHTAC is independent of ITD. In 2000, LHTAC's role was expanded. Its purpose is to promote the continuing, cooperative, comprehensive, multi-jurisdictional transportation planning, and achievable capital improvement programs within the Local Highway Jurisdictions. LHTAC is authorized by Idaho Code to "cooperate with and receive and expend aid and donations from the federal or state government and from other sources for the administration and operation of the council". LHTAC provides technical training to the LHJ's, administers and oversees the application processes, prioritizes and makes recommendations to the State Transportation Board for Federal Funding. The Federal STP projects are assigned to one of three engineers in the LHTAC office. The assigned engineer coordinates the efforts of the Federal Aid money between the Idaho Department of Transportation, the consulting engineer, FHWA, and the LHJ's. At this time, LHTAC is required to conform to ITD's Project Development process which has been approved by the Idaho Division of the Federal Highway Administration (FHWA). One goal was to better formulate the process to use Federalaid Highway Funds on the Federal-aid system. The Local Federal-aid Funds are to be used on the Local Federal-aid system. When the fiscal year for project construction arrives, ITD administers the advertisement, bidding process, and construction of the local projects. The volume of road projects and bridges that LHTAC is trying to oversee causes some projects to sit, when other projects are demanding time and/or attention. Idaho is evaluating the process, addressing the needs, and proposing improvements.

Conclusions:

1. Under a certain value, pursuing federal-aid dollars by Local Agencies is not cost effective due to the excessive reporting, environmental reviews, and time commitments. Thresholds should be considered for projects with federal-aid funding under which local jurisdictions would comply with state and/or local regulations only.
2. Local Agencies are not always familiar with federal and state regulations regarding State Transportation Agency and federal-aid programs and the funding of these programs.
3. There appears to be a need for clarity of legislative language in some federal programs to authorize and possibly mandate the funding of program management with federal-aid funds. Declining resources have begun to create more adversarial situations with the result of restrictive interpretations which have the effect of inhibiting and/or discouraging Local Agencies from applying for federal-aid dollars.
4. A need exists to get all the players talking to each other on a continuing basis to respond to questions and resolve possible confusion over the interpretation of both state and federal-aid regulations and to suggest changes to streamline the processes.
5. There are many best practices being implemented by State Transportation Agencies with some practices being more effective than others. Those truly best practices need to be shared with all states.
6. There exists confusion on regulations by both state and local agencies as to whether some are a state requirement or a federal requirement. This confusion may discourage Local Agencies from

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applying for federal-aid and State Agencies from providing assistance in conforming to FHWA rules.

Recommendations:

1. Establish Federal-aid funding thresholds below which procedures, reviews, certifications and the process would be relaxed and/or streamlined to reflect the risk encountered. Additionally certain projects under a designated dollar threshold involving no real estate transactions would receive categorical exclusions from meeting federal and state requirements and comply with local regulations only. For example, projects under \$1 million in value for safety, intersection improvements, beautification, sidewalk improvements, bridge and road reconstruction projects (replacement in kind within existing footprint and/or on previously disturbed land) and involving no real estate acquisition would qualify.
2. Establish in every State Transportation Agency the equivalent of a "federal and state aid office" or "local roads office" to work with Local Agencies on how to access both state and federal-aid dollars. This office should facilitate communications about, and serve as a clearinghouse for, information about federal-aid programs involving Local Agencies, and ensure that local agencies are educated —by the DOT or another entity such as LTAP—on both the federal and state regulations related to the administration of those programs.
3. Modify federal legislative language in specific programs to clarify or authorize and possibly mandate the use of federal funds on program management of federal-aid projects being submitted by Local Agencies.
4. With clear and consistent FHWA Division Office Interpretations of federal-aid regulations State Transportation Agencies need to take the lead to implement in a continuing communications process with Local Agencies on the administration of federal-aid and state programs. The goal of all stakeholders is to work in cooperation and collaboration to clarify and distinguish between regulations as to whether they are state or federal requirements and engage in a continuous process to review these regulations for streamlining opportunities.
5. The FHWA should provide consistent interpretations of their regulations and provide firm guidance and direction to State FHWA Division offices to help facilitate cooperation and collaboration among State and Local agencies in the streamlining and administration of federalaid programs. The several best practices already being implemented by some states need to be shared and promoted among all State Transportation Agencies.
6. The FHWA Division offices should willingly respond to questions from Local Agencies about interpretations of federal regulations without automatically referring those questions to the State Transportation Agency to reply.

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NACE FINDINGS of 10 regional Every Day Counts Summits hosted by FHWA, 2010

- Certification of small-scale Federal-aid project sponsors was identified as an effective practice because it reduces the administrative burden on DOTs by placing more responsibility for project delivery on local agencies. We understand that those states who have a LPA certification process have indicated that they allow some larger local agencies (who are certified) to administer small-scale Federal-aid projects on behalf of smaller agencies, who are either not certified or do not have the appropriate staff or adequate resources to conduct Federal-aid projects. DOTs have cited this approach has a streamlining effect by allowing smaller agencies access to federal funds to produce projects that previously would not have been possible.
- Encourage each State Transportation Agency to create an Office of Local Assistance to assist local transportation agencies with the development of federal-aid projects and shall publish a local government assistance manual for federal-aid projects
- Many DOTs consider their leadership of the NEPA phase of LPA projects as a streamlining practice, based on the higher level of familiarity of DOT staff with the environmental process. FHWA noted that if local agencies handle the NEPA process themselves, additional time and money can accumulate quickly. Some states have an environmental staff member who works with local agencies, providing guidance throughout the NEPA process, and potentially someone similar from the right-of-way office for real estate acquisition and appraisals.
- Some DOTs mentioned that the use of programmatic agreements between agencies expedites the environmental process on small-scale Federal-aid projects. Agreements created for completing environmental actions related to Section 106, endangered species, and categorical exclusions for off-system projects are just some examples. This practice used primarily for projects that incur very little impact to the socioeconomic or natural environment, such as replacing traffic signs, pavement maintenance or preservation activities, and signalization related projects. The agreements significantly reduce the number and complexity of environmental studies and associated paperwork required to obtain the clearance to move ahead with final design and construction phases of project delivery.
- Several effective practices reported involved the orchestration of federal, state, and local funding. Many survey respondents cited effectively securing federal funding for small-scale projects through the creation of a uniform documented process during the project selection phase. Another effective practice reported entails ensuring that local funding matches are available before projects are selected for implementation. In California, state law requires the swapping of state funds to cover the federal share for a certain amount of rural county STP projects, relieving small-scale projects from the administrative burden rendered from some of the Federal-aid requirements. Iowa uses a state match rather than local agency match in Federal-aid programs so its State-aid funding is not held up.

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- DOTs stressed the effectiveness of holding early and frequent project meetings with local agencies to ensure they get off to a successful start. Continual periodic status meetings are held to ensure LPA projects are developing in the most efficient manner possible, particularly since there are many other competing regional projects and priorities which can cause a small-scale project to become lost among projects of higher priorities. Status meetings were reported to help project sponsors and their teams stay on target, especially since LPA projects have historically taken much longer to complete when the sponsor is not very involved.
- In order to ensure federal regulations are being met consistently for the LPA program, many DOTs have identified recurring training sessions as an effective practice for project delivery. Another effective practice demonstrated by most states is to hold "as-needed" training sessions to address any particular concerns a local agency may have during project implementation.
- An effective practice for project delivery involves generating checklists which specifically identify what is expected and required of a local agency in each phase of a particular project. In many cases, the use of simplified checklists for different stages of project delivery has been shown to improve local agency understanding of what is required of them per each project phase in terms of schedule and federal requirements.
- Inconsistencies between the interpretation and the implementation of regulatory requirements were identified as an issue, but the level of concern varied from state to state. Ongoing, and open communications between LPAs, their state DOT, and the FHWA Division Office is the key to clarifying the interpretation of regulations, resolving differing expectations, and implementing best practices and/or streamlining the process.
- Some states who allow the tying together, or bundling, of several small LPA projects into a single larger project at any phase of project delivery consistently highlighted this approach as an effective practice to getting projects built efficiently. This approach was cited as particularly useful when dealing with funding programs that have expedited obligation and expenditure requirements, such as the American Recovery and Reinvestment Act.
- Some states allow local agencies to use their own materials or construction specifications and design standards for roadways off the national highway system (NHS) and state systems, as preapproved by the DOT. Some DOTs created specifications specifically for local agencies that they can use directly without going through the specification approval process. This process was reported as saving time and reducing costs to local agencies since, under this approach, they would not be required to use more complex state specifications nor to hire DOT-qualified design consultants or materials testing laboratories.

"We do not subscribe to the idea that new construction design standards must be met or we do nothing. We firmly believe that improvements, within the existing right of way, and within current funds, that may not quite meet design standards, are a definite safety enhancement and serves the motorist. We must recognize that we live in a highly litigious society and accept the fact that tort liability is a part of our business. We must not allow our operations to be petrified into no activity by the specter of tort liability. Responsible actions based on reasonable conclusions are defensible."

Testimony
of
Mark Policinski
before
The United States House of Representatives
Committee on Transportation and Infrastructure
February 19, 2011

Good morning, Chairman Mica and Ranking Member Rahall. Thank you for the opportunity to testify before you today.

I am Mark Policinski, the Chief Executive Officer of the Ohio-Kentucky-Indiana Regional Council of Governments (OKI). OKI is the Metropolitan Planning Organization (MPO) for eight counties in southwest Ohio, northern Kentucky and southeast Indiana and serves 2.1 million Americans.

I am honored to be at this hearing to discuss a great quandary that this nation faces in regards to its transportation system. I commend you, Mr. Chairman, for not only conducting these hearings, but also for your years of leadership, vision and arduous work you have given to this vital issue.

It should be the hope of every American that these hearings will speed this year's passage of a well-funded and modern Transportation Bill.

It is often said that timing is everything. Well, at a time when the emerging global economy requires an infrastructure network that puts a razor's edge on our competitiveness; at a time when market forces have integrated to foster all modes of transportation; at a time when freight movements require billions of dollars of investment just to keep from falling behind other countries; at a time when potential safety failures mushroom due to the age of our infrastructure; at a time when the public finally understands the critical nexus between infrastructure and jobs; and, at a time in history when these forces are finally aligned...our country is flat broke.

The government faces long-term, structural deficits of a trillion dollars a year for the next decade. Raising taxes, as a true reading of history shows, will not raise

revenues by projected amounts, will be counter-productive and are, certainly, politically unpopular. Even user fees, which have had bipartisan support from Presidents Ronald Reagan to Bill Clinton, are now a third rail to many in the transportation debate.

It is against this fiscally-barren backdrop that the next Transportation Bill is placed.

Mr. Chairman, because the crisis is so great, this bill must be a game changer. It must undo much of how we fund transportation in our country. Anything less will set the stage for American economic decline.

Respectfully, I offer my suggestions. As well as working on Capitol Hill and in the Reagan administration, my background includes running companies in the private sector. I look at this problem from both perspectives. It boils down to this: we have a revenue problem and we have a spending problem and intertwined is a process that contributes to both.

The first effort must be aimed at the revenue side of the equation. The bill's funding should be larger. It should include enhanced provisions for Mega Projects like the Brent Spence Bridge in the Cincinnati region that is the lynchpin of the I-75 corridor that connects Michigan to Miami. The bill should allow for special inclusion of another project in southwest Ohio – the Eastern Corridor project, a remarkably innovative multi-modal approach that would greatly improve our region economically and environmentally. But, Mr. Chairman, rather than pitch hundreds of needed projects as the reason to increase funding, we must, more importantly, change the calculus of the funding itself.

By that I mean, while we need more dollars, what we really need—the real game-changer—is a new streamlined, efficient federal process by which we build things in this country. While it served a valuable service in the past, the current NEPA process is woefully ineffective and shamefully wasteful. One consultant recently told me that her job is to maneuver through the NEPA process and not to build better infrastructure projects. Every person in this industry has their own examples of the Rube Goldberg nature of the monstrosity of a process that wastes time, dollars and, most of all, public will.

Streamlining is a revenue issue in the new Transportation Bill because the wasted dollars are immense. I mentioned earlier the Brent Spence Bridge, which is a multi-billion dollar project to keep the nation economically competitive. If we are fortunate, that bridge from planning to "open to traffic" will take 22 years. Every month of delay costs over \$10 million dollars. If we could have cut this time by 30 percent, one could estimate the savings at \$800 million.

That is only one project in only one region of the country. Multiply this example across this country and you can see the tens of billions of dollars that could be saved and applied to projects. And, if you believe like I do, that inflation is going to grow over the next decade, the necessity to streamline the system takes on titanic importance.

Two perspectives on streamlining are relevant. The first is that the process can be gamed when needed. Look how long it took to rebuild the Minneapolis I-35 bridge or the Oklahoma I-40 bridge. The point is: timelines prudently nearer to these should be the rule and not the exception.

The second perspective on streamlining is this. Streamlining must be put on the same level in the new bill as safety. If that sounds harsh to you, I maintain that a new competent process is far more protective to citizens than the current system that allows dangerous conditions on our roads and bridges to exist for decades and kills people every year.

I believe that unless the process is fixed, there is no reasonably expected amount of federal dollars that will yield a competitive infrastructure grid. We will be wasting or allowing inflation to erode most of any new infrastructure funds. And, we will continue to expose citizens to unsafe transportation.

So how do we streamline the process? Mr. Chairman, those who work in the trenches will tell you to combine the Environmental Impact Statement (EIS) and Record of Decision (ROD) approvals, require the feds to establish uniform timelines and stick to them, make categorical exclusions common, make environmental reviews concurrent and not consecutive, give states more oversight over smaller projects, etc.

All these are great ideas and would greatly improve the process. However, to really improve the system, you have to empower the states and locals with some recourse to federal decisions or you have to limit the federal process from delaying needed projects.

We have all heard about public-private partnerships. I propose public-public partnerships as the needed tool to move forward infrastructure funding, financing and completion. Public-public partnerships that even the playing field between the federal and non-federal governments in the building of infrastructure. Public-public partnerships that set deadlines on reviews by the federal departments. Public-public partnerships that require federal departments to work with local governments to meet those deadlines or, by default, have the work move forward or reduce the local match for the project.

I believe that such powerful incentives for the various levels of government to work together would dramatically make for better decisions, better returns on investment and better infrastructure planning and construction.

How could such sharing of authority be proposed? The current one-sided relationship has been around for half a century and currently is remarkable mostly because of the magnitude of its failure. Truthfully, how can anyone propose allowing the current system to persist?

Again on the revenue side, in regards to public-private partnerships, we have to be realistic. The federal government does not have the money to finance all the infrastructure needs our country faces. That is why we need to foster public-private partnerships as a method to unlock needed dollars. There are estimates of a trillion private sector dollars ready to be invested in public infrastructure. That is the level of investment this country needs to make, in the next decade, to remain the most powerful economy in the world.

In regards to unlocking private dollars for investment in public goods, OKI has been advocating the creation of Regional Infrastructure Improvement Zones (RIIZs) to generate additional revenue for all public infrastructure, including transportation. RIIZs will involve a change in the federal tax code that allows businesses and individuals to receive a tax deduction for contributions to the cost of a public good, like transportation infrastructure improvements. Unlike current

tax law, this change would allow the deduction even if it benefited the private entity.

Such a change in the tax law would tap a new and immense source of funds from the private sector for infrastructure improvements. Importantly, RIIZs could provide localities with local match to move needed projects. In addition, the private sector—inherently more efficient than the government—would be able to finance projects that would have the largest economic impact.

OKI's RIIZs legislation has support from California to Florida to New England from organizations that represent over 100 million Americans and we are looking for introduction in the U.S. House of Representatives this spring.

On the spending side of the equation, localities need greater flexibility in how we spend federal money. As an MPO, OKI has Surface Transportation Planning (STP) funds, Congestion Mitigation Air Quality (CMAQ) funds, Transportation Enhancement (TE) funds, safety funds and other funding vehicles. Each funding source has a variety of rules and regulations governing how, on what and when these funds can be spent. I would recommend that the federal government combine the funds that are sent to MPOs. The local governments can spend this money more efficiently, if, they are not constantly having to check compliance with regulations, determine if a change in bureaucratic personnel means a change in previous decisions, wait for decisions to be made by conflicting federal agencies, etc.

Also, in spending, we have to admit to a very difficult reality—the financial condition of our country forces us to fiercely prioritize what we fund in the next Transportation Bill. The significant lack of funding for all modes forces us to be tenaciously pragmatic in that prioritization. We must recognize that, at this time of immense economic competitiveness among nations, the basic infrastructure of our nation must assume priority.

Roads, rivers, rail and runways must be enhanced and expanded. The connectivity of these modes is indispensable in meeting the economic challenges of other nations. They must be the priority because they are the modes that have the greatest return on investment when it comes to jobs and competitiveness.

I have come to this conclusion because of the ascendancy of freight as the determinant of economic competitiveness in the new global economy. This freight crisis presents challenges to this country that are almost immeasurable. The necessity of an economy to move goods more efficiently to, from and through its borders makes rejuvenating and reinventing our basic modes of transportation of upmost importance.

One final comment on the spending side is that we need a true transportation plan for the nation. The first step would be to combine highway, rail, maritime, transit and air in one Transportation Bill. This congressional streamlining would eliminate conflicting timelines, regulations and visions. I know that such a recommendation faces monumental opposition. However, I believe it would set a tone of efficiency and effectiveness that would bring praise to the resulting federal process.

The transportation infrastructure challenges that you face as Members of Congress are greater than at any time in this country's history. Sixty years ago we built a national highway system because of a totalitarian threat to our national security. Today, we must build a new transportation system of many modes while we face a threat to our economic security.

While history has taught us that totalitarian regimes eventually fail, history also teaches us that countries able to capture economic markets, flourish for centuries and their competitors can decline quickly and precipitously.

That is why your challenge is so steep. That is why you must succeed.

Thank you again for this opportunity. I welcome working with the Committee to determine the best approaches to quickly move comprehensive transportation legislation that benefits the economic well-being of our great nation.

U.S. House of Representatives
Committee on Transportation and Infrastructure

**Improving and Reforming our Nation's Surface Transportation Programs
Columbus, Ohio Field Hearing
February 19, 2011**

Testimony of

Christiane W. Schmenk

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- Good morning. My name is Christiane W. Schmenk. Thank you for allowing me to speak to you. I am here in two capacities. The first is in my role as Mayor of the City of Marysville. The second is in my role as Director of External Affairs of The Scotts Miracle-Gro Company.
- I have had the pleasure of serving as Mayor since January 2008. Marysville is located 30 miles to the northwest of downtown Columbus and is a city of 20,000 residents. It is located in Union County, which has been the 3rd fastest growing county in Ohio since 1990. Union County has a population of 50,000, and it is predicted to grow to a population of 85,000 by 2030.
- For a small city, Marysville has a rich employment base. We are home to The Scotts Miracle-Gro Company, the lawn and garden giant that has called Marysville home since 1868, is the maker of Scotts Turf Builder and Miracle-Gro garden fertilizer, and employs 1200 in Marysville and 6000 worldwide; Veyance Technologies, which manufactures industrial conveyer belts and employs 330; Nestle R & D which develops beverages, coffee and candy and employs 250; Parker Hannifin, which makes world-class hydraulic pumps and valves and employs 150, and Univenture, an environmentally-friendly plastics packaging company and its affiliate Algaeventure, which is developing technology to extract fuel from algae. We are also home to many small businesses. Just beyond Marysville's borders is Honda of America Manufacturing, Honda R & D Americas and its various plants and approximately 160 suppliers. Honda alone employs over 13,500 near Marysville and when suppliers are included, estimates put the total jobs related to Honda over 130,000.
- Marysville is easily reached from downtown Columbus by taking I-270 north and exiting west on US Rt. 33. U.S. 33 is the major thoroughfare for residents of the Columbus area to reach Marysville and vice versa, and every day, thousands of employees come through the I-270/US 33 Interchange on their way to work. Along the way to Marysville and parallel to Rt. 33 northwest is Industrial Parkway, a thriving business corridor that is home to over 170 businesses and 2000 employees, mainly in the light manufacturing, office, high-tech and service sectors. The US Rt. 33 Northwest Corridor also has over 2500 research and development jobs and is predicted to be an area of rapid business growth in the next decade.

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- The major reason that all of these companies and jobs have grown up around Marysville is our good transportation system. Marysville has benefited from good freight rail access and is serviced by CSX. Our major employers rely on CSX to bring raw materials and haul finished goods.
- Marysville has also benefited from good highway access. Thirty years ago, our state invested close to \$75 million to extend and widen US Rt 33 for access to Honda's facilities. The payback has been tremendous. Honda has conservatively invested well over \$7.0 billion in Ohio since 1979. That figure does not count the millions of dollars in corporate, payroll and other taxes returned to our local economies.
- At the intersection of US 33 and I-270 is a prosperous neighbor of Marysville, the city of Dublin. Dublin is home to 40,000 residents and 66,500 employees. Close to 28,000 of these employees work within the immediate vicinity of the US 33 and I-270 interchange. Dublin is home to iconic businesses such as Cardinal Health, a Fortune 17 healthcare company that employs more than 30,000 people worldwide, Verizon, the Wendy's/Arby's Group and Jack Nicklaus' prestigious Memorial Golf Tournament. Recently, Dublin was recognized by Fox Business News as the best small city in the United States to start a business.
- When we think of infrastructure that is critical to jobs and our economy, the CSX Rail line to Scotts and Honda, as well as the Rt. 33 and I-270 interchange and the Rt. 33 Northwest corridor are top of mind in our region.
- Because I am a long-time employee of a successful Ohio company, Scotts Miracle-Gro, I would also like to say a few words about the importance of good transportation infrastructure from the private business perspective. Our business counts on this infrastructure every day to transport raw materials to us and to move goods and services into the marketplace. Honda, Scotts and other manufacturers have perfected their logistics systems, following a "just in time" delivery method to minimize carrying costs. This means that traffic delays result in lost time and money.
- U.S. Rt. 33 has been designated as a "macro corridor" by the Ohio Department of Transportation in recognition of its role in advancing Ohio's economy, and it is among the top 10 highways in Ohio that carry 80% of all truck traffic in Ohio.
- The US 33 and I-270 Interchange, built in the 1960s when Dublin had just 670 residents and Marysville had about 4500, is operating more than 50% above capacity and is considered to be "failing" by engineers. It is ranked in the top 20 locations in the state for freeway crashes.
- This interchange also facilitates the movement of over 25,000 trucks a day, and intermodal access to CSX freight rail routes directly serving Honda and other manufacturers. The smooth operation of this highway system is key to maintaining our local economy and the economy of the State of Ohio.
- The good news is that plans have been put in place to address the need. However, I personally am very concerned about the length of time it will take to fix these problems and our lack of available funds. A ten year plan was put in place, but even if success is achieved, the earliest construction can begin is 2015, and it won't be completed until at least 2017.
- As I come before you today, I ask for your help in addressing Ohio and our nation's critical infrastructure needs. Our state's economy has suffered tremendously in recent years, and we need to do everything we can to protect and preserve the good

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employers that we have. In my town of Marysville and in the northwest part of Central Ohio, that includes improvements to the CSX rail system, US 33 and I-270 to loosen the chokehold of congestion and to provide for safe and adequate transportation for the thousands of employees and tons of freight that allow commerce to occur daily.

- As you consider issues to resolve when you craft our nation's transportation policy and the next federal reauthorization bill, in my role as Mayor and as a representative of area business leaders, I humbly ask you to consider the following:
 - First, I'm a firm believer that not all earmarks are bad. While some have not been deserved, many are necessary and justified. If they are awarded based on their relation to jobs, they can be a very good use of our tax dollars. One simple suggestion is that it would be helpful if all Congressional officials use the same appropriations request form. This would save our staff time and money and allow for an apples-to-apples comparison of requests.
 - Federal funding awards should be based not only on infrastructure needs, but more importantly on the nexus between jobs (including both retention and new job creation) and infrastructure improvements. Projects that create the most investment, retain the most jobs, or create the most jobs should score the highest. Projects that improve freight flow, helping our country to compete globally also need special recognition.
 - The streamlining and consolidation of regional districts for US Government and State agencies and departments should be pursued. US and state economic development regions, social service regions, and transportation regions should be in the same district.
 - Timing needs to be addressed. The average citizen traveling every day between Marysville and Columbus simply cannot understand why our dangerous corridor can't be fixed until 2017. To them, that is an example of government at its worst. I would suggest that firmer, shorter deadlines for project reviews must be established and enforced. Federal agency coordination needs to be regulated to shorten decision making. Thank you for your interest, Mr. Chairman, in expediting project delivery.
 - Partnerships are important. Marysville, Dublin, Union and Franklin counties, the Mid Ohio Regional Planning Commission, and the Ohio Department of Transportation have partnered on major transportation investments like the US 33 and I-270 interchange and Industrial Parkway, and will continue to do so. Policies that continue to promote this collaborative approach are encouraged and welcomed.
 - Stakeholders like Scott's Miracle Gro, Honda, Cardinal Health and other major employers in this area have united in their support for keeping freight and people moving through the I-270/US 33 interchange. This project is a perfect example of the pressures placed on the nation's 40- and 50-year old infrastructure in a world of just in time manufacturing.
 - We appreciate that there are limited funds in each fiscal year, and uncertainty in when the six-year federal transportation bill will be reauthorized. However, this inconsistent cash flow forces communities to start and stop transportation projects

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as they move through different phases of study and engineering. This lengthens project delivery time considerably. It would be helpful if project funding could be more stable and for multiple phases of work instead of being awarded in piecemeal fashion.

- Trends confirm that people are driving less because of the recession and buying less gasoline because of better fuel efficiency. While this is good for our environment, the decreased project funds available from gasoline taxes continue to erode our transportation buying power. More flexible federal funding programs and a more economic-based approach to identifying the highest return on investments would help us stretch these precious dollars further. Additional creative financing techniques should be considered, such as transportation tax credit bond programs similar to those used for renewable energy projects or energy conservation.
- Of course, we would appreciate more funding, flowing more quickly, to our communities to address these major transportation needs that are so critical to our economic viability. While increased budgets may not be possible in these austere times, we appreciate your promoting policies that help us work more flexibly, faster, and with more certainty that funding will be available on a consistent basis.

Thank you for providing this opportunity to share our story with you.

Before the

Committee on Transportation and Infrastructure

United States House of Representatives

Statement of

Keith Tuttle
President
Motor Carrier Service, Inc.
Northwood, Ohio

On

Improving and Reforming our Nation's Surface Transportation
Programs

February 19, 2011



DRIVING THE KIND OF SUCCESS

INTRODUCTION

Chairman Mica, Congressman Rahall and members of the Committee, thank you very much for inviting me to testify on behalf of my company and the American Trucking Associations (ATA).¹ My name is Keith Tuttle, and I am president of Motor Carrier Service, Inc. (MCS), headquartered in Northwood, Ohio. We are a regional truckload carrier with a fleet of 90 tractors and 220 trailers. We employ 90 safe, professional drivers operating in city and over the road operations. MCS also operates a warehouse and provides brokerage services.

Mr. Chairman, a safe, efficient system of highways connecting America's cities, towns and rural areas is necessary to meet our country's economic well-being, military security, and overall quality of life. Our predecessors recognized this reality by creating the Interstate Highway System, which has served our country well, and today allows even the smallest entrepreneur to serve markets throughout the country and around the world.

Every day, thousands of trailers and containers, carrying everything from grain to machine parts, flow through our ports, across our borders, and on our rail, highway, air and waterway systems as part of a global multimodal transportation logistics system. It is a complex array of moving parts that provides millions of good jobs to Americans, broadens the choices of products on store shelves, and creates new and expanding markets for U.S. businesses. Highways are the key to this system. Trucks move 70% of our Nation's freight tonnage² and draw 82% of freight revenue.³ In addition, trucks move \$8.3 trillion worth of freight each year, nearly 60% of the U.S. economy.⁴ The trucking industry is expected to move an even greater share of freight in the future.⁵

However, trucks are also crucial to freight moved on rail, in the air, and on water. The highway system connects all of these modes to manufacturing and assembly plants, retail outlets, homes and warehouses. An efficient highway system is the key to a fluid global supply chain, which in turn is a fundamental element of a growing and prosperous economy. It should also be noted that despite the emphasis on promoting the use of intermodal transportation for moving the Nation's freight, 93% of freight moves by a single mode.⁶ The reason for this is that moving freight by multiple modes adds handling costs and additional time, and increases the possibility of breakage. Therefore, the amount of additional freight that could benefit from intermodal deliveries is extremely small, and the vast majority of freight will continue to be carried by trucks on the highway system well into the foreseeable future.

¹ The American Trucking Associations is the largest national trade association for the trucking industry. Through a federation of other trucking groups, the industry-related conferences and its 50 affiliated state trucking associations, ATA represents more than 37,000 members covering every type of motor carrier in the United States.

² U.S. Census Bureau, *2007 Commodity Flow Survey*, Dec. 22, 2009

³ Global Insight, *U.S. Freight Transportation Forecast to...2021*, 2010

⁴ U.S. Census Bureau, *2007 Commodity Flow Survey*, Dec. 22, 2009

⁵ Global Insight, *U.S. Freight Transportation Forecast to...2021*, 2010

⁶ U.S. Census Bureau, *2007 Commodity Flow Survey*, Dec. 22, 2009

Unfortunately, Mr. Chairman, our current highway system no longer meets our needs. While the condition of our highways and bridges has steadily improved in recent years, the performance of the system is deteriorating.

In 2009 drivers in metropolitan areas wasted 4.8 billion hours sitting in traffic and burned 3.9 billion gallons of excess fuel, at a cost of \$115 billion.⁷ The cost to the trucking industry was \$33 billion.⁸ Disruptions to the movement of freight on our nation's highway system due to congestion jeopardize the tremendous gains the trucking industry has made to improve supply chain efficiencies. Congestion slows delivery times, creates unpredictability in supply chains and ultimately makes U.S. businesses less competitive and consumer products more expensive. Indeed, in its 2008 *State of Logistics Report*, the Council of Supply Chain Management Professionals described a logistics system whose costs between 2003 and 2007 rose nearly twice as fast as GDP.⁹ Mr. Chairman, if we fail to address congestion, these costs will continue to rise, and will translate into higher consumer prices and slower job growth, and weaken the United States' ability to compete in the global economy.

To illustrate the real-world impacts, I would like to describe how congestion affects my own company and my customers. We have significant operations in Chicago and on the East Coast, including in New York and New Jersey. Two to three decades ago, my customers operated huge warehouses with several weeks of inventory. That is no longer the case. Now that inventory is in my trailers, and it is always on the move. This has cut my customer's costs significantly, and in turn has benefitted the economy and the American consumer. However, this system only works if our highways are reliable. It is becoming increasingly difficult to satisfy my customers' needs because of the rampant and growing congestion on our highways. Furthermore, because excess highway capacity no longer exists on many corridors, any interruption to the system due to weather or an accident can throw a highway into complete gridlock. This can severely delay deliveries and have a domino effect on my customers, some of whom have had to build up safety stocks, at significant cost, to compensate for the deficiencies of the highway system. We estimate that congestion reduces our driver and equipment productivity by approximately 10 to 15 percent. These costs are passed on to our customers and, ultimately, to the public.

However, the real costs of congestion are largely hidden. The supply chain is wound so tightly that any disruption or slow-down can cause significant ripple effects. Let me offer one example. One of my customers is a major can manufacturer in Toledo. I deliver their products to two beverage plants in New Jersey, a trip of nearly 600 miles that generally takes about 10 hours. If my drivers run into unexpected congestion they will bump up against their hours of service limits and be forced to shut down, delaying the delivery for a day. Not only does that impact the productivity of the driver and the

⁷ Texas Transportation Institute, *2010 Urban Mobility Report*, Dec. 2010

⁸ Ibid.

⁹ Council of Supply Chain Management Professionals, *19th Annual State of Logistics Report*, June 18, 2008.

equipment, it also forces the customer to slow down production, reducing the plant's productivity and increasing my customers' costs.

Mr. Chairman, incremental solutions will not allow us to meet the Nation's current and future transportation needs. The federal surface transportation program in its current form will not suffice. While more resources than are currently available will be necessary to finance the transportation improvements needed to get our country out of traffic gridlock and to make driving less hazardous, we can no longer afford to spend limited federal resources on projects that do not meet our most important national needs. Therefore, federal funds must be invested in a manner that will most effectively address these requirements. Furthermore, outdated federal laws and regulations that are detrimental to motorists and to society at large must be reformed.

CONSOLIDATE AND IMPROVE THE PERFORMANCE OF PROGRAMS

When the federal highway program was created, it had a clearly defined mission: to finance construction of the Interstate Highway System. When that mission was complete, the money was still coming into the Highway Trust Fund (HTF), but Congress did not identify a new federal role. As a result, the federal program has lost its focus, and now places equal priority on funding bicycle paths as it does on providing resources for the improvement of Interstate highways responsible for the safe and efficient movement of millions of people and trillions of dollars worth of freight. It is time to acknowledge the fact that the program does not have sufficient resources to satisfy all constituencies. The program should be refocused to address the most pressing needs from a national perspective, and should eliminate extraneous programs and project eligibilities that are more appropriately dealt with at the local or state level, or through General Fund resources.

Consolidated Highway Program

The various federal-aid highway program categories should be consolidated into a single program to eliminate unnecessary red tape that has little practical effect, but creates bureaucratic headaches for both state and federal agency employees. Furthermore, eligibility should be limited to the National Highway System (NHS) and a limited number of other highways with significant passenger vehicle and freight traffic. States should be given broad authority to use the revenue for construction, reconstruction, rehabilitation, planning, capital safety improvements, operational improvements, and other projects and activities designed to improve the safety and efficiency of eligible highways. Revenue from this program should not be transferable to non-highway projects or programs. According to the Federal Highway Administration's 2008 *Conditions and Performance* report, federal highway user fee revenue is sufficient to maintain current levels of condition and performance on the NHS, and to begin to make improvements in the system.

Address Freight Bottlenecks

Freight tends to be concentrated along a few major corridors, principally the Interstate System and other highways that are part of the NHS. Many of these corridors are also among the most heavily congested in the nation. Providing funding to address the immediate and longer-term deficiencies plaguing these important corridors is a necessary and appropriate feature of a nationally focused federal-aid program.

A study for the Federal Highway Administration (FHWA)¹⁰ identified the highway bottlenecks that cause the greatest amount of delay for trucks. Based on the agency's estimates, ATA calculates that these bottlenecks cost the trucking industry approximately \$19 billion per year in lost fuel, wages, and equipment utilization. The study estimated that highway bottlenecks account for 40 percent of congestion, with the remainder caused by accidents, bad weather, construction, special events and poor signal timing.

Eliminate Extraneous Programs and Eligibilities

In an era of limited resources for transportation, it is difficult to justify federal funding for projects whose benefits are extremely localized, or projects which provide limited benefit to those paying into the program. Therefore, ATA recommends eliminating the Enhancements program, the Congestion Mitigation and Air Quality Program, and various other programs which specifically fund non-highway projects.

Preserve Funding for Safety Programs

Funding for motor carrier and passenger vehicle safety programs should continue to come primarily from the HTF.

Transit

Because funding is so constrained now, we encourage you to consider funding all or a portion of the transit program out of the General Fund. This would provide an immediate injection of approximately \$5 billion in highway funding annually, while strengthening the user pays principle that has historically been the foundation of the Highway Trust Fund. New or expanded transit projects increasingly justify their federal funding based on benefits that have little to do with improving highway mobility. This includes providing transportation services to underserved populations such as the elderly or handicapped, spurring community economic development, and supporting "livability" initiatives. The Obama Administration acknowledged this shift in policy with the issuance of new guidance in 2010.¹¹ It is appropriate, therefore, that these investments, made for the general good and not for the benefit of those paying into the HTF, should be financed out of the General Fund.

¹⁰ Cambridge Systematics for the Federal Highway Administration, *Estimated Cost of Freight Involved in Highway Bottlenecks*, Nov. 12, 2008.

¹¹ http://www.fta.dot.gov/news/news_events_11036.html

SOURCES OF FUNDING

Trucking companies would be willing to support an increase in their highway user fee payments if they perceive value from the expenditures. The source of revenue from the trucking industry should:

- be easy and inexpensive to pay and collect;
- have a low evasion rate;
- tied to highway use; and
- not create impediments to interstate commerce.

Fuel taxes meet all of these criteria and is the preferred choice for financing an expanded highway program. While private financing of highway infrastructure may play a limited role in addressing future transportation needs, certain practices may generate unintended consequences whose costs will vastly exceed their short-term economic benefits. In particular, we are very concerned about attempts by some states to carve up the most important segments of the highway system for long-term lease to the highest bidder. We believe that leasing existing highways to private interests is inconsistent with the efficient and cost-effective movement of freight, is not in the public's best interest, and represents a vision for the Nation's transportation system that is short-sighted and ill-conceived. We therefore oppose these schemes.

ATA is strongly opposed to tolls on existing Interstate highways, a view we understand you share, Mr. Chairman. While federal law generally prohibits this practice, Congress has, over the years, created a number of exceptions. Imposing tolls on existing lanes of the Interstate System would have a devastating effect on the trucking industry. The industry is highly competitive and taxes of this magnitude simply cannot be passed along to shippers. Furthermore, tolls cause diversion of traffic to alternative routes which are usually less safe and were not built to handle the additional traffic. We urge the Committee to eliminate pilot programs which provide tolling authority for existing Interstate Highways and to refrain from authorizing additional tolling flexibility.

The industry would also like to see Congress replace the federal excise tax on new trucks and trailers with an equivalent diesel fuel tax. The 12% tax on new equipment discourages investment in new equipment, and contributes to large cyclical fluctuations in sales. Increasing the diesel fuel tax by 7.3 cents per gallon would raise the same amount of money without negatively impacting truck sales, contributing to a healthier, and more stable truck market.

CUT GOVERNMENT RED TAPE AND STREAMLINE THE PROJECT DELIVERY PROCESS

Streamlining of Project Approvals

Mr. Chairman, we commend you for focusing on a long-standing concern which must be addressed if we are to do more with fewer resources. Federal rules that extend the

timeline for project delivery by seven to 10 years must be reformed. Based on experience with projects such as the replacement of the I-35 bridge in Minneapolis and reconstruction of I-15 in Salt Lake City in preparation for the Winter Olympics, we know that this can be done without compromising the environment or overlooking community impacts. ATA recommends that several steps be taken to streamline the project delivery process:

- Eliminate redundancies in the NEPA process by allowing alternatives analyses, studies and other planning processes that are completed outside of NEPA to be accepted as part of the NEPA process.
- Streamline the permitting process among various agencies by eliminating redundant requirements, centralizing coordination within FHWA, and setting time limits for reviews.
- Allow for a simplified NEPA process for projects with few significant impacts.
- Revise Council on Environmental Quality regulations to narrow the number of “reasonable alternatives” on a project-level basis.
- Allow for a single EIS rather than a draft and final EIS, while preserving adequate opportunities for public comment and review.

More Effective Utilization of Highways Through Use of More Productive Trucks

In addition to better, less congested highways, the trucking industry will need to improve our equipment utilization in order to meet future demands. The United States has the most restrictive truck weight regulations of any developed country. At the same time, America’s freight transportation demands are greater than any other nation’s, and we have the world’s most well-developed highway system. Based on projected increases in demand for truck transportation, increases in truck productivity will be essential if we are to avoid total gridlock on our highways.

More productive vehicles would also have important environmental benefits by reducing vehicle miles traveled, fuel consumption, and greenhouse gas emissions. Use of these vehicles could reduce fuel usage by up to 39%, with similar reductions in criteria and greenhouse gas emissions.¹²

Research demonstrates that more productive trucks can be as safe as or safer than existing configurations. And because fewer truck trips will be needed to haul a set amount of freight, crash exposure – and therefore the number of crashes – will be reduced.¹³

¹² American Transportation Research Institute, *Energy and Emissions Impacts of Operating Higher Productivity Vehicles*, March 2008.

¹³ See for example: Campbell, K.L., *et al.*, “Analysis of Accident Rates of Heavy-Duty Vehicles,” University of Michigan Transportation Research Institute (UMTRI), Report No. UMTRI-88-17, Ann Arbor, MI, 1988.; Transportation Research Board, National Research Council, “Truck Weight Limits,” Special Report 225, Washington, D.C., 1990; Cornell University School of Civil and Environmental Engineering, “Economic and Safety Consequences of Increased Truck Weights,” Dec. 1987; Scientex, “Accident Rates For Longer Combination Vehicles,” 1996; Woodroffe and Assoc., “Longer Combination Vehicle Safety Performance in Alberta 1995 to 1998,” March 2001.

A new federal-state partnership is necessary to promote truck size and weight reforms that meet the important and legitimate financial goals of U.S. businesses, while also addressing the equally important and legitimate concerns of federal and state government agencies and officials who seek to safeguard public safety, promote air quality goals and protect their investments in highway infrastructure. In order to take advantage of the benefits that productivity increases can deliver, Congress must reform its laws to give states greater flexibility to change their size and weight regulations, with oversight by the Federal Highway Administration.

At the end of the day, it is the consumer who will benefit most, because more productive trucks will keep costs down for virtually every product Americans make, buy, and sell.

TRUCK SAFETY

Mr. Chairman, over the past several years, the trucking industry's safety performance has improved at an unprecedented rate. Both truck-related fatalities and injuries, and the trucking industry's crash rate, are at their lowest point in recorded history. We must, therefore, preserve the rules and regulations which contributed to these improvements, and institute reforms which are likely to enhance safety. While ATA is promoting several proposals that will improve truck safety, we would like to highlight a few of the most important items for the Committee's consideration.

Hours of Service

The Department of Transportation recently proposed changes to the hours of service rules for truck drivers.¹⁴ The proposed changes, if finalized, will have a substantially negative impact on safety, productivity and the U.S. economy. Moreover, these proposed changes are entirely unnecessary. Over the past seven years, since the current rules were first implemented, the trucking industry's safety performance has improved at an unprecedented rate. For instance, truck-related fatalities have declined 33% and truck-related injuries dropped 39%, to their lowest levels in recorded history. The industry achieved these reductions despite an increase in vehicle mileage over the same period.

If these proposed changes are implemented, trucking companies would need to put additional trucks and drivers on the road to deliver the same amount of freight, adding to final product costs, increasing congestion on the nation's already clogged highways, and negatively impacting safety by creating more exposure to traffic accidents. On two prior occasions the Department estimated that similar changes would cost the U.S. economy \$2.2 billion, inclusive of safety benefits.

We support the efforts of Congressmen Bill Shuster (R-PA) and Sam Graves (R-MO) to encourage Members of Congress to contact the USDOT and let the agency know that putting the safety of motorists, the nation's economy, and the efficiency of the highway system at risk, without providing substantial justification for its actions, is simply

¹⁴ 75 FR 82170, December 29, 2010.

unacceptable. Should the agency implement the proposed rules, Congressional intervention may be necessary.

National Clearinghouse for Positive Drug & Alcohol Test Results

There is a well-known loophole in the federal drug and alcohol testing requirements for commercial drivers that is being exploited by some drug-abusing drivers. When a driver moves from one trucking company to another, some "positive" drug and alcohol test results are not being discovered by the hiring company because these "positive" results are self-reported, and not centrally tracked. As a result, the hiring company may not be aware of a driver's past "positive" drug test results and could be hiring a driver who has not been evaluated, treated and cleared to return-to-duty by a substance abuse professional.

The trucking industry made Congress aware of this problem in the late 1990s. In 1999, Congress passed the Motor Carrier Safety Improvement Act which required DOT to evaluate the feasibility and merits of collecting, in a centralized manner, "positive" drug test results of commercial drivers. The Federal Motor Carrier Safety Administration (FMCSA) studied this issue and submitted a report to Congress in May of 2004¹⁵. This report found that a centralized clearinghouse for such results was feasible, cost-effective and, in many ways, more desirable than the current system of driver self-reports and hiring companies contacting previous employers in an attempt to obtain this critical safety-related information.

In the previous Congress, the Safe Roads Act (S. 1113) was introduced to establish a comprehensive national clearinghouse for positive drug and alcohol test results, consistent with ATA's goals. We urge the Committee to incorporate this proposal into the transportation reauthorization bill.

New Entrant Program Modifications

The new entrant program was created by the Motor Carrier Safety Improvement Act of 1999 (MCSIA, PL106-159) due to concerns about higher rates of accidents and safety violations for carriers with less than one year of operating experience. A study conducted in the late 1990's by the Volpe National Transportation Systems Center (Volpe Center) found that the rate of critical violations of safety regulations was 206.3 per 1,000 drivers for new entrants compared to 11.8 for experienced carriers. The rate of acute violations was found to be 128.8 per 1,000 drivers for new entrants versus 34.1 for experienced carriers, and the rate of accidents in the first year of operation was 0.505 per million vehicle miles traveled for new entrants, compared to 0.411 for carriers with more than one year of operating experience.

¹⁵ "A Report to Congress on the Feasibility and Merits of Reporting Verified Positive Federal Controlled Substance Test Results to the States and Requiring FMCSA-Regulated Employers to Query the State Databases Before Hiring a Commercial Drivers License Holder," FMCSA, March 2004

ATA believes more needs to be done to ensure the safety of new entrants *before* they begin operating, and that new entrant safety audits should be completed sooner. Today, FMCSA grants operating authority to new motor carriers without any demonstration of the carrier's understanding of, compliance with, safety regulations. The required safety audit occurs up to 18 months after a carrier has commenced operations. Without some form of required up-front training and written exam, unsafe carriers may be permitted to operate for many months.

MCSIA, in addition to establishing a new audit requirement for carriers, directed the Secretary of Transportation to "consider the establishment of a proficiency examination for applicant motor carriers. . .to ensure such applicants understand applicable safety regulations before being granted operating authority". In implementing the new entrant program, however, the Federal Motor Carrier Safety Administration (FMCSA) opted not to require such an exam, instead creating a new form (MCS--150A) by which a new entrant would self-certify that it has a system in place to ensure compliance with applicable safety requirements. The form simply asked carriers to answer "yes" or "no" to a series of questions about whether they were in compliance with federal safety regulations.

In March 2003, the new entrant rule was criticized by the National Transportation Safety Board (NTSB) in its safety recommendations resulting from a 2002 motorcoach accident involving 3 fatalities and multiple injuries. NTSB noted that: "Form MCS-150A, *Safety Certification for Application for U.S. DOT Number*, required under the New Entrant Safety Assurance Program that began on January 1, 2003, does little more to screen new motor carrier applicants than the previous new entrant form requirements did. . . In other countries and territories, the new applicant process is more stringent. . . In all member countries of the European Union, a new motor carrier must take an examination to ensure that he knows the rules and regulations. . . The Safety Board therefore concludes that FMCSA's New Entrant Safety Assurance Process lacks meaningful safeguards to ensure that a motor carrier is aware of, understands, and has a safety management system in place to comply with the FMCSRs."

In December 2008, FMCSA concluded a new rulemaking, begun in 2006 on the new entrant program. Among the changes adopted by the agency was the elimination of the MCS--150A certification. FMCSA noted that "Many carriers were discovered to have falsely certified having such knowledge, and commenters urged the Agency to remove this requirement. The Agency concluded that enhanced educational materials and technical assistance materials would provide most carriers with sufficient knowledge of applicable regulations and of how to comply with such regulations. . ."

With the elimination of the self-certification process, there is now no process to ensure up-front training and compliance. ATA urges the adoption of training requirements and a proficiency exam as part of the upcoming highway reauthorization legislation, as well as shortening the time for completion of safety audits.

Since FMCSA has already developed comprehensive training information which is available on-line, the cost to convert the information to a step-by-step training program, and an on-line exam, would not be significant. Nor would the training and exam impose an undue burden or operating delays for new entrants. Accelerating completion of new entrant safety audits would require additional government or third-party certified inspectors.

CONCLUSIONS

Thank you for the opportunity to testify. Through our membership in ATA, we look forward to working with Members to develop a new and greatly improved highway bill that meets current and future transportation needs.



OHIO DEPARTMENT OF TRANSPORTATION

CENTRAL OFFICE • 1980 WEST BROAD STREET • COLUMBUS, OH 43223
JOHN R. KASICH, GOVERNOR • JERRY WRAY, DIRECTOR

**Budget Testimony for ODOT Director Jerry Wray
February 19, 2011**

Mr. Chairman, Distinguished Members,

First, Chairman Mica, welcome to the great State of Ohio and thank you for holding this field-hearing. I also want to thank all of our Members of Congress for coming today to discuss the ever important issue of Transportation.

As you may know, this is my second stint in the Director's seat at the Ohio Department of Transportation (ODOT) and I can tell you that while budgetary constraints and issues have certainly become more challenging since the mid-1990s, the mission and people of ODOT remain the same. ODOT is formed by a dedicated group of people that are more committed than ever to providing Ohioans the best value for their money on investments made in transportation here in our State. But, in order to continue to provide high-value to our citizens, we need a strong partnership and commitment from the Federal Government for continued, reliable funding; more flexibility in the way we are able to spend those funds; and decreased red tape associated with delivering projects.

Ohio is truly a cross-road for transportation in our country and is proven by the fact that:

- Ohio is a single day's drive from 60 percent of U.S. and Canadian population
- Ohio has the nation's 4th largest interstate system with 6,700 lane miles
- Ohio has the nation's 2nd largest total number of bridges with 43,412
- Ohio has approximately 715 miles of navigable waterways
- Ohio annually moves more freight by water than flows through the Panama Canal
- Ohio is ranked as high as 8th in the nation in value of freight shipments moved by water
- Ohio is 3rd in the nation in total active rail miles. In fact, in mid-2010, Ohio surpassed California.

It takes a great deal of work to maintain our system and we appreciate the partner we have in the Federal Government, but one of our most pressing needs is the fast-approaching shortfall of State funds we will have available to match Federal funds. In fact, our budget predictions show that by 2018 Ohio will no longer have the state matching funds needed to be eligible to receive all of our allotted Federal funding. This will consequently slow or stop much-needed projects.

We would like to respectfully suggest that the current matching criteria of 20 percent State and 80 percent Federal be re-evaluated and reduced to 10 percent State and 90 percent Federal. This is critical for continuing to maintain and grow our transportation system.

Additionally, reducing the match to 90/10 will not only help ODOT, but will arguably help our local partners even more. As you know, the budget situations for local governments are often-times more dire than State budgets and they depend on Federal dollars for many of their projects. Unfortunately, the matching requirements and regulations oftentimes make using Federal dollars not a viable option. Our infrastructure continues to age and we have to maximize our resources to ensure Ohio's economy, transportation system and citizens do not suffer.

Just like the rest of the country, Ohio is feeling the pinch of a sluggish economy and we fully understand the challenges associated with continuing to fund transportation projects. However, we strongly believe there is a need for reform. The current gas-tax structure is an outdated mechanism which, as we all know, can no longer sustain our nation's transportation system. We are dependent on a system that was created in 1925 when gas was only 22 cents a gallon.

The price of gas is not the only cost that has consistently risen over the years, inflation has affected our ability to construct new-and even maintain current- infrastructure, stretching our already over-stretched budgets. In fact, we have to spend 50 percent more today to get the equal amount of work performed in 2001. In 2011, we estimate our construction program-as well as the cost of steel, concrete and asphalt-to rise an additional 5.7 percent. Decreased revenues from the gas, tax combined with inflation in the construction sector, have seriously hindered ODOT's ability to provide much needed projects for our economic future.

As times change and prices continue to rise, our funding mechanisms must change as well. We would like to encourage Congress to look at new and innovative ways to pay for our transportation. These new mechanisms should accurately reflect the true use of the system and be fair to all members of our society.

Budget short-falls are not the only dilemma facing State Departments of Transportation around the country, the bureaucracy of the Federal project process, especially the National Environmental Policy Act, or NEPA, is also a major barrier to the quick and efficient delivery of projects. Much of the delay in the current process results from the 'logjam effect' in which too many projects are being pushed through too narrow of a pipeline of USDOT staff. To prevent this logjam, we believe USDOT's project-level responsibilities should be delegated to State DOTs, and USDOT should shift into an oversight role. SAFETEA-LU enabled this type of delegation to occur and it is our hope that the next Transportation Reauthorization Bill will greatly accelerate delegation to the states.

We believe it should not take 10 years for a project to reach the construction phase, but unfortunately due to these lengthy processes, this all too often is the case. We live in an era where time is money, and while still being good stewards of the environment is necessary, we are confident that the red tape could be cut dramatically.

Federal regulations within the United States Department of Transportation should also allow and encourage states, like Ohio, the flexibility to leverage their resources and find innovative means for generating revenue. For example, the possibility to lease land near or within longitudinal right-of-way and to lease available resources to private partners opens the door for innovation and partnerships with

private firms that are necessary. However, USDOT regulations stipulate a multitude of restrictions on what ODOT is allowed to do within its own right-of-way that does not allow for these types of partnerships to happen. ODOT and the associated rules and regulations need to move at the speed of business and technology while at the same time providing for an efficient and safe transportation system.

Additionally, another example where this flexibility can help is by changing Federal Highway Administration regulations in a way to allow States the use of private sector revenues to help subsidize rest areas. We see serious potential in allowing advertising inside rest areas as a way to lower our costs and increase value to travelers.

Finally, as you are all aware, we are in desperate need of a new Transportation Reauthorization Bill. Having a strong, robust, sustainable, and less restrictive bill in place will help us confidently and accurately plan for the future. Right now as it stands, it is difficult to know exactly what projects we will be able to deliver. We need to know where our Federal partner will stand not just for this year, but for the future as well. Transportation Reauthorization will enable Ohio to plan with our private sector and our local communities for projects that create and retain jobs.

Our focus is clear in Ohio. We need to work more efficiently than we have before to build and maintain our lead in the logistics industry. We are striving to help solve our budgetary constraints by exploring innovative ideas for generating revenue from available resources. Transporting people, goods and services while focusing on growing our economy can only happen with a predictable and dependable Federal partner.

Thank you all again for taking time out of your weekend to focus on these important issues. We appreciate your leadership and look forward to working with you. I would be happy to take any questions.

**BEFORE THE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES**

**STATEMENT OF GREYHOUND LINES, INC. ON THE ROLE OF INTERCITY
BUSES IN PROVIDING COST-EFFECTIVE IMPROVEMENTS TO OUR
NATIONAL TRANSPORTATION SYSTEM**

February 28, 2011

Greyhound Lines, Inc. is pleased to submit these comments for the record of the Committee's reauthorization field hearings. Chairman Mica has listed several major objectives for the Committee's reauthorization bill. They include:

Stop sitting on our unused or under-utilized assets;

Find ways to do more with less;

Streamline the delivery of transportation improvements;

And develop innovative public-private relationships that deliver transportation improvements in a more cost-effective manner.

We believe that intercity buses can help achieve each of these objectives with the right program support. What follows is a brief look at the potential of intercity buses to meet these objectives and what program changes are needed to unleash that potential.

Sitting on Unused assets – Studies demonstrate that intercity buses (a/k/a motor coaches) are the most environmentally friendly and fuel efficient of all passenger transportation modes. They emit less CO₂ and use less fuel per-passenger mile than any other mode. They are also the most flexible; they can go anywhere and do anything from high end luxury service to the most affordable transportation. Intercity buses serve 3 times as many communities as any other form of intercity public transportation.

Yet, intercity buses are largely “off the grid” when it comes to federal, state, and local planning and funding priorities. It's a rare day when intercity buses are integrated into transportation planning in a meaningful way and far less than 1% of federal public and intercity transportation funding goes to intercity buses.

Doing more with less – intercity buses are, by far, the most cost-effective form of transportation. For example, Greyhound's full operating costs are less than 1/3 those of Amtrak on either a per-passenger mile or per-passenger trip basis. Intercity buses are capable of providing a wide range of attractive services from long haul commuter to express intercity service to rural network service.

Perhaps the most significant surface passenger transportation development of the last five years is the emergence of high quality, inexpensive express intercity bus service between major cities, particularly in the Northeast Corridor. BoltBus and other similar bus services have succeeded in taking millions of passengers out of their cars with their internet-driven, Wi-Fi-equipped, point-to-point service. While billions in federal funds have been spent or committed just for the planning and preparation of intercity rail services, these innovative, new intercity bus services have become the fastest-growing transportation segment in the Northeast Corridor without a penny of government funding.

Streamlining delivery – intercity buses can be built and deployed quickly. The planning also can be expedited since intercity buses are so environmentally beneficial, flexible and relatively inexpensive. If plans need to be modified after implementation in order to meet market demand, bus redeployment can occur very quickly.

Here are two recent examples of how quickly intercity bus service can be delivered. Last year, Greyhound saw a need to upgrade its fleet by the complete refurbishment of a significant number of its buses. In 6 months, Greyhound found a corporate partner, located an ideal idle RV plant in Napanee, Indiana; hired and trained a skilled work force made up primarily of out-of-work RV plant workers; and started producing like-new, refurbished buses. Those buses are now operating throughout the U.S..

Similarly, when Greyhound saw that ARRA Section 5311(f) funds were available through the states for new intercity buses to provide rural network services, we worked with FTA and certain states to develop an expedited, master intercity bus procurement, for which any state could provide ARRA funds. The result is that Greyhound is now fully deploying approximately 60 new intercity buses providing vital rural and small community service in numerous states.

Developing public-private partnerships – intercity buses are the only form of surface passenger transportation that is primarily operated by the private sector; thus, we offer unique opportunities for public-private cooperation. We can bring entrepreneurship, capital, expertise, existing networks and facilities, and passenger traffic to the table, but state and local entities need to have the flexibility and the incentive to work with us.

Here are the steps that we recommend that the Committee take to enable intercity buses to play a more significant role in meeting the Committee's reauthorization objectives.

- 1. Give states more flexibility in implementing the section 5311(f) intercity bus program.**

FTA has implemented a pilot program whereby the states can work with private operators to use the unsubsidized costs of the intercity bus network as the local match for Section 5311(f) services feeding into the network. This program has been very successful in its 3 years of existence with new services either implemented or planned to 240 communities on 43 routes in 13 states. A list of those routes is attached to this statement.

Congress should make this program permanent as soon as possible so that states can be confident that it will continue. Also, FTA has only allowed the match to be the private operator's capital costs; Congress should give the states the flexibility to use all of the unsubsidized costs as local match. There is no reason or precedent for limiting the match to capital costs. States also should be given the flexibility to apply the match to all Section 5311 funds so that integrated intercity/local projects can be developed.

2. Give states the flexibility to provide capital for the development of comprehensive statewide intercity bus networks.

Greyhound has demonstrated through its new BoltBus and Greyhound Express services and its upgraded network services that people will shift from cars to intercity buses for many city pair trips if the buses are new and comfortable; the service is frequent; and the price is reasonable. The fundamental roadblock to expanding that service is the industry's lack of capital for new equipment. In the past 12 years, the annual number of new motor coaches delivered in the U.S. has fallen by 65%.

Assuming there is going to be a new intercity component to reauthorization, states that determine that they do not have the population density to justify the capital and operating costs of intercity rail should be allowed to apply for capital funds for intercity buses so that they can work with the private sector to develop comprehensive statewide intercity bus networks. These networks could provide express bus services between the major cities in the state while linking smaller communities into that network through the 5311(f) program. These services would provide attractive, frequent, affordable alternatives to the private auto at a tiny fraction of the capital costs of intercity rail and with no subsidized operating costs.

3. Continue the Over-the-Road Bus Accessibility Program to assure compliance with federal mandates while preserving rural service.

The OTRB Accessibility Program has been very successful in helping Greyhound and others meet the Americans with Disabilities Act mandate to equip each new bus with a wheelchair lift and related equipment. This mandate is hugely expensive with costs of up to \$45,000 per bus or almost 10% of the cost of a new bus. No other intercity transportation provider has ADA equipment costs that come close to that percentage.

Given the limited capital available for bus purchase, this program is essential to Greyhound's ability to maintain its existing network of rural and small services. Without it, Greyhound will have to reduce its bus acquisitions by roughly 10% and the reduced fleet will inevitably mean less or no service on routes with lower ridership. Greyhound will meet the ADA deadline of having its entire fixed route fleet equipped with lifts by October, 2012, but the mandate doesn't go away at that point. Every fixed route bus we purchase after that date must have a lift so if we are going to be able to maintain our fleet size, we need for this program to continue.

4. Integrate intercity buses into federal, state, and local planning so that their transportation and environmental benefits are fully utilized.

Right now, operators of intercity buses are on the outside looking in when it comes to the transportation and environmental planning process. We recommend that reauthorization change that by requiring that federal, state, and local planners consider the many benefits of intercity buses, consult with private operators of intercity buses, and properly integrate intercity buses into their plans for improving transportation and the environment.

We note that in SAFETEA-LU, Congress required that states consult with intercity bus providers when developing their statewide rural public transportation plans. That consultation requirement has helped break down the “us against them” public-private attitude and has led to many states developing statewide intercity bus plans that have been the basis for the new rural services described above. The same consultation and integration should occur across the board.

5. Ensure that federally funded projects encourage the use of intercity buses to the same extent as public transit buses

Reauthorization is likely to bring an increase in federal support for innovative financial arrangements to improve highway infrastructure. These include the creation of new HOV/HOT lanes and tolled facilities. These facilities are intended to reduce congestion and encourage the use of buses and other high occupancy vehicles. It is important that when federal funding is involved, the sponsoring entity be required to treat privately-operated buses the same as publicly-operated buses with regard to access to these facilities and exemption from charges paid. Buses provide the same congestion mitigation and environmental benefits whether they are publicly or privately owned.

The prior Administration pioneered these public-private partnerships through its Urban Partnership Agreements. Those agreements recognized the important role that privately operated intercity buses can play in reducing congestion and improving the environment. The UPAs all required the recipient agencies to agree to exempt privately operated over-the-road buses from tolls to the same extent as other public transportation. The states were free to set whatever toll levels they wanted, but they had to apply the same standards to both publicly-owned and privately-owned buses. A similar requirement should be contained in all future agreements for federal support of congestion mitigation projects.

Without this federal policy, privately operated intercity buses are likely to face discrimination. We have seen this already in Virginia where the state’s agreement with the private operator to build new beltway and I-95 HOT lanes defined only public transportation buses, not privately-operated intercity buses, as HOVs eligible to use the HOT lanes without charge. Ultimately, the concessionaire agreed to include all buses in the HOV definition, but it was a difficult process. Where federal funds are involved, there should be a clear policy of treating all buses equally.

6. Provide incentives for intermodal projects including intercity buses and make them easier to plan, fund, and implement.

Ever since ISTEA, Congress has paid lip service to improving intermodal transportation, but at least with regard to passenger transportation, little has changed. SAFETEA-LU took a step forward by including privately-operated intercity buses and bus terminals as eligible parts of public transportation joint development projects. But it took years and several attempts before FTA properly implemented this provision, and it is so layered with regulatory requirements that few projects have been completed using this new eligibility.

If intercity and local public transportation are to reach anything close to their full potential as alternatives to the private auto, the various modes must be linked at terminals that make public transportation convenient and attractive. To accomplish this, the Committee should consider several approaches. These could include an intermodal fund for terminals that involve intercity bus and rail (where relevant). There was such a fund in SAFETEA-LU, but because of earmarks, it was never properly implemented.

Intermodal terminals including intercity buses could also be a requirement for, or at least a strong factor favoring, any federally funded intercity transportation project. Finally, the Committee should streamline FTA's joint development guidelines so that intermodal terminals involving privately-operated intercity buses and/or intercity rail can be developed expeditiously.

Greyhound hopes that these recommendations for achieving the Committee's reauthorization objectives will be helpful. We would be happy to work with the Committee on implementing these recommendations in any way that the Committee would find useful.

Respectfully Submitted,

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U. S. House of Representatives
Transportation and Infrastructure Committee
2165 Rayburn House Office Building
Washington, D.C. 20515

February 27, 2011

Dear Committee Members,

I was pleased to attend your committee's hearing held in Columbus, OH on February 19, 2011. It was the first time I ever attended a formal session of the U.S. House of Representatives and was very impressed by the open, unbiased, and non-partisan communication by the committee members and the witnesses. I also appreciated that prepared testimonies were not read, replaced by honest dialogue focused on core issues and recommendations.

I am writing this letter to express my opinions about necessary changes to the Federal processes for prioritizing and funding transportation and infrastructure improvements. My opinions are those of a private citizen only, informed by a nearly forty year career in freight transportation beginning with my undergraduate and graduate training in civil engineering at the University of Akron and Northwestern University's Transportation Center. While at NU I worked part-time for the Chicago Area Transportation Study planning agency, focused on rail-highway grade crossing improvements and infrastructure investments to promote improved rail and intermodal interchange activity. I served four years in the U.S. Army Transportation Corps working on projects to develop new containerized ammunition shipping capabilities at Sunny Point, NC and Concord, CA. I was a management consultant for over 15 years, working for commercial clients in every freight mode except pipelines. While at A.T. Kearney I participated in a U.S. Corps of Engineers Waterways study, researching and writing the section on national defense and emergency requirements for ports and inland waterways. I also participated in an early Rail Intermodal strategic planning study for the U.S. Department of Transportation, researching and writing sections on the competitive and marketing elements required for growth. The remainder of my career has been associated with freight carriers and their customers, primarily domestic trucking and rail, but also international container shipping and NAFTA transportation.

My primary point for the committee's consideration is my conclusion that the core interstate transportation infrastructure is now in place and that Federal funding is no longer required in new infrastructure to improve the internal and international commerce of the United States. In fact, economic, political, and social considerations now align against significant new transportation projects. There will be no more large airports (e.g., the third Chicago airport), no new Interstate highways (e.g., Kansas City to Houston), no new large ports, no new inland waterways.

Instead, future interstate infrastructure investment must go towards heavy maintenance and rebuilding, removal of safety hazards, and de-bottlenecking of choke points like the Chicago Interstate highway interchanges. This implies a near-reversal in focus for the typical multi-year Highway and other modal Authorization bills which focus on new construction projects, often targeting districts of favored members of Congress above interstate commerce considerations. With due respect, Representative Schuster's father was a case study in politically-motivated local highway projects in Western Pennsylvania. But those projects were far less wasteful of Federal funding than the Boston Big Dig, the Tennessee Tombigbee Waterway, the Cross-Florida Barge Canal, and the FAA Air Traffic Control System upgrade project by IBM in the 1990's.

My second point for the committee's consideration is for a new, clear decision-making framework that prioritizes limited transportation infrastructure funding. Increases to the U.S. highway fuel and other modal taxes are politically infeasible, and, for at least this Congress, much less general funding will be available. This framework must factor in decision-making and implementation timeframes that last beyond the two year term of each Congress. Maintenance and safety-improvement funding must dominate. A minority share of funds should go to few targeted projects with clear national or regional benefits. But the implication is that hard choices must be made among the states and projects that will receive Federal funding and those that will not. Although the following examples represent extremes, they are intended to reflect the types of choices the committee and the U.S. Congress must make.

High National Benefit	Low / No National Benefit
Cross-Bronx Expressway, Interstate 81 Upgrade, San Francisco-Oakland Bay Bridge Upgrade	US Interstate Highway Business Routes, US Highways 40 & 62 in Ohio, US Highway 6
Chicago CREATE Project, Alameda Intermodal Corridor, High Delay & Accident Highway Grade Crossing Elimination	Amtrak's Cardinal, Mandated Rail Positive Train Control technology
Air Navigation System Upgrade	Small airport investments and commercial flight subsidies
Port of New York / New Jersey, Ports of Long Beach / Los Angeles	Port of New Haven, Ports of Stockton & Sacramento
Gulf Intracoastal Waterway from Corpus Christi to Pensacola, Ohio River Locks & Dams, Soo Locks	Atlantic Intracoastal Waterway, Tennessee-Tombigbee Waterway

As an example of a new decision framework, a witness at the Columbus hearing raised the idea of Federal highway funding limited to the Interstate system and selected US highways with no state match, along with block grants to states based on an equitable formula reflective of national needs for other highway projects.

My final point for the committee's consideration was made several times by witnesses in Columbus. The Federal project application and approval process must be dramatically streamlined and federally-mandated ideal standards developed for new construction must be flexible to fit the realities of maintenance and local capacity de-bottlenecking projects. The long delays and excessive design requirements waste time and money plus delay the realization of economic and environmental benefits.

Respectfully,



Mark S. Miller



Testimony of

Kirk T. Steudle, P.E.
Director
Michigan Department of Transportation

Prepared for

Committee on Transportation and Infrastructure
United States House of Representatives

Field Hearing on

Improving and Reforming our Nation's Surface Transportation
Programs: Columbus, Ohio Field Hearing

February 19, 2011

Chairman Mica and Members of the Committee, thank you for allowing me the opportunity to share some thoughts and ideas on how to improve the federal surface transportation program as you begin the task of framing the next authorization bill. I will focus my testimony on one significant reform that holds tremendous potential to improve the efficiency of the program while enhancing accountability and delivering results.

The idea weaves together three concepts that have been roundly embraced by most transportation stakeholders and observers in some form or fashion in the recent past. These concepts are: asset management, performance measures, and program simplification. Each concept has individual merit, and many progressive transportation agencies around the country have used both asset management and performance measures to improve service and deliver better results.

Efforts to reform the federal program have not kept pace with the increasing use of asset management and performance measures. Gains from continued and expanded use of these approaches are impeded by the current rigid nature of the federal program, and its focus on process over outcome.

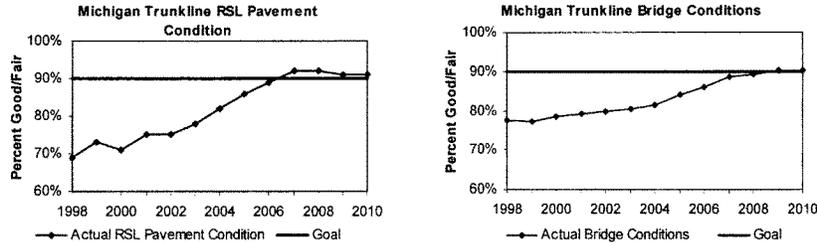
Asset Management

In Michigan, our foray into asset management began over a decade ago. A state sponsored study committee that was created to examine transportation needs and resources recommended the State adopt a long-term, planned asset management process for statewide use for transportation facilities. Legislation soon followed, and today the practice is well entrenched at the Michigan Department of Transportation (MDOT) and at local agencies as well, with an asset management data collection effort that encompasses Michigan's whole federal-aid eligible system, regardless of jurisdiction. Efforts continue to bring new agencies and other modes into the fold and to expand and coordinate data collection efforts.

Asset management is really about investing in the right fix at the right time in order to extend and maximize the life of any given asset, while minimizing life cycle costs. As it stands today, the Federal-aid Highway Program consists of over 100 distinct programs. Distribution of federal aid by program category is not compatible with an asset management approach to investment because it greatly limits our ability to make the right investments at the right time.

Performance Measures

While Michigan's efforts in asset management date back over ten years, MDOT has been a performance-driven organization even longer. The agency recognizes the value of benchmarking and monitoring the performance of the transportation system. In the mid 1990's, MDOT set challenging pavement and bridge condition goals that focused investment system-wide, then consistently measured and monitored progress toward the goals. MDOT worked to have 90 percent of state maintained roads in good condition (by measuring Remaining Service Life of the pavement) and 90 percent of state maintained bridge in good condition (not structurally deficient). Our pavement and bridge investments were guided by these goals and as a result, significant improvements were achieved within just a few years. The goals were attained, on schedule in 2008, despite the significant economic challenges Michigan faced for much of that time.



More recently, MDOT developed performance measures to reflect a broader range of the transportation system. We retained our pavement and bridge condition goals and added additional measures to monitor and guide investment decisions to improve the level of service on major freeways, airport runway pavement condition, transit fleet condition, passenger rail service levels, and much more. You can see MDOT's performance measures report at <http://www.michigan.gov/mdot performance>.

While this testimony is submitted on behalf of the State of Michigan, I also serve as Chairman of the Performance Management Committee of the American Association of State Highway Transportation Officials (AASHTO). The Committee has been working diligently over the past several years to develop a framework for a systematic process for measuring performance that works in all states. Virtually every state now makes use of performance measures in some way, and they recognize the benefits of becoming more performance driven. However, putting all these efforts together into a national system that best leverages the work done so far has been a challenge. We have discovered that most states collect and report data on pavement and bridge conditions as well as on crashes and fatalities. We have also discovered that measurement methods do differ from state to state and these differences will need to be reconciled or accommodated in order to move forward with a national system. State DOTs and AASHTO will continue to work to identify metrics that could be used to improve performance in areas such as operations, connectivity, and economic competitiveness.

During the 111th Congress, the House Transportation and Infrastructure Committee developed legislation that included an ambitious plan for weaving performance measures into many areas of transportation. The provisions included in this proposal, while well intended, were off the mark. They focused more on process than on outcome, and would have required up to eight new planning documents comparable in length and scope to the State Transportation Improvement Program (STIP). When you consider that the development process for updating a federally required STIP can take one full year, it's clear that these additional requirements would have added an enormous amount of additional process at a time when transportation agencies truly need simpler solutions. Through performance measurement, transportation agencies can accomplish appropriate outcomes much more quickly and efficiently, and without such specific process-focused requirements.

In order for performance management to take hold in a meaningful way, the focus needs to be on outcomes. In addition, the measures need to be crafted by working with states and Metropolitan Planning Organizations to help ensure their success. Finally, the measures need to treat all states

fairly, and funding must be equitable to allow all states an appropriate opportunity to achieve their targets.

Weaving Asset Management and Performance Measures to Simplify the Program

Most transportation stakeholders and observers have recognized that the federal program has become excessively complex, with its reach extending into virtually every area of transportation. With no national focus or vision to unify efforts and guide investment decisions, parochial interests continue to win out over the public interest. Many good models have been suggested for a simplified federal structure, but the structure of the program is of secondary importance. The real key is developing a short list of national goals to ensure that every transportation agency marches to the same drumbeat.

Once goals are in place, metrics can be identified that are suitable for measuring progress toward attaining them. An example of how a national goal might be translated into performance management, and a logical place to start, is in the area of stewardship. This nation has an incredible network of highways, transit system, trails and airports. Preservation and renewal of these existing assets should be a top priority in making investment decisions and this should be a national goal. Transportation agencies can check progress on that goal by using a common pavement condition measure to monitor and track the condition of highway and runway pavements. There is also good data on the surface area of structurally deficient bridges on the National Highway System, so states are fairly well prepared to define specific metrics to measure progress in attaining a stewardship goal for pavement and bridges. While it will take some time to determine the most appropriate metric to measure the condition of our transit assets – not only to determine how to measure, but to what measure as well – it can be achieved. States are also fairly well prepared to define specific metrics for safety. Beyond that, states should be allowed to continue working in collaboration with the United States Department of Transportation to develop and define additional metrics to improve performance in other areas.

Once the metrics are in place, transportation agencies can lock on to them. This is the “make or break” point in the whole process, and it’s also the area where opinions on what is most effective for achieving results tend to diverge. Unless transportation agencies are given real flexibility to pursue these metrics, there is little reason to expect results that are in any way different than the results we see now. Real flexibility starts with program consolidation. If state DOTs are to pursue a bridge condition goal, we can not be told how little nor how much to invest in bridges, or which bridges funds should be spent on, as is now the case. Consolidating programs to the point where federal funds almost take the form of a block grant is the best way to eliminate any artificial barriers to a more performance driven program.

This is why asset management is such an important component. State DOTs also need the flexibility to invest in the right fix at the right time. As mentioned earlier, distribution of federal aid by program category is not compatible with the practice of asset management, and neither are laws or regulations that limit the type of work that can be performed to extend the service life of the road and prevent it from falling into disrepair prematurely.

Flexibility also means eliminating things that distract transportation agencies from focusing on results. This includes things like planning factors that are unrelated to national goals, excessive focus on demonstration of fiscal constraint in planning documents, new regulations that dictate

spending decisions (like those recently issued on real-time information systems, and signage requirements). These are all very important issues that can add tremendous value to the service we provide, but they will limit the attention paid to delivering results and could even be inconsistent with the goals set by Congress.

Conclusion

In conclusion, let me reiterate my appreciation for your committee's willingness to seek input from transportation stakeholders on the future nature of this vital piece of legislation. I believe that by focusing the future reauthorization legislation around clear national goals such as system preservation, by providing states and MPOs with appropriate funding flexibility to pursue an asset management approach that ensures the right fix at the right time, and by fairly measuring outcomes rather than process in pursuit of those national goals, great progress can be made to ensure the continued viability and improvement of this nation's transportation infrastructure and services.

**Written Comments to the US House Committee on Transportation and Infrastructure hearing entitled
"Improving and Reforming our Nation's Surface Transportation Programs: Columbus, Ohio
Field Hearing"
from the Mid-Ohio Regional Planning Commission, the Columbus Partnership, the Columbus
Chamber, the Columbus Regional Airport Authority, and the Central Ohio Transit Authority
(February 19, 2011)**

Central Ohio appreciates the opportunity by Representatives Mica, Gibbs, Stivers, and the other members of the Transportation and Infrastructure Committee to provide written testimony on how to improve and reform the nation's surface transportation programs. In this testimony, we provide some background on our region and comment on programs to retain, and those which could be added or changed to improve transportation investment.

With the completion of the interstate highway system, our nation once again has an opportunity to articulate a national vision for transportation that embodies a more diversified and resilient system to help achieve national economic and quality of life goals.

Central Ohio Background

Today, our transportation system faces many challenges. To be competitive, our businesses count on the transportation system to be reliable so their employees, their resources, and their products arrive just in time. Transportation not only underpins central Ohio's economy - it also sustains the quality of life of our residents who count on it for a safe and convenient means to work and other destinations.

By 2030, central Ohio will add 300,000 new households and over 365,000 new jobs. However, most of the new households and jobs are expected to locate beyond the outerbelt. By developing at lower densities than closer-in areas, the costs per household or employee to provide roads, water, sewer, police, fire, and other municipal services are higher. Many of the households beyond the outerbelt devote more than half of their disposable income to transportation and housing. These new job areas are not serviced by transit, and many in the region who wish to work find it difficult to reach these jobs.

The logistics industry is important to the success of Ohio and our region. In 2008, Ohio was the 7th largest exporting state, and except for a short dip during the recession, Ohio exports have been growing since 1998, the only state to do so. More locally, the logistics industry is responsible for 14 percent of private sector employment in central Ohio. Our businesses rely on travel time predictability for just-in-time manufacturing, but they are increasingly affected by incidents and growing congestion.

Transportation has implications for our health and safety. Many of our suburban neighborhoods lack sidewalks or safe places to bicycle, so our children must be bused or driven to school. Likewise, this lack causes residents to drive what might be a short distance "as the crow flies" from a home to a library or to a store.

While crashes and fatalities overall seem to be declining, this is not true of crashes involving walkers and bicyclists. Providing safe facilities for all of our residents is critical.

In 2000 people 65 and older were about 12percent of the population. This will grow to 20percent by 2030. As our population ages, more and more of us will rely on public transit to get to our everyday destinations. A third of central Ohio residents do not drive, either because they are too young, too

old, too infirm, or have no car available to them. Because we haven't invested in transit, walking and biking, many of these people must rely on others to drive them to their everyday destinations.

Around the state, transit authorities have seen their revenues decline along with the economy at the same time that residents need transit more than ever. Some transit properties have or will cut service by 10 to 12percent.

Many of our young residents move away to other cities after college, taking along their skills and our investment in them. Studies have shown that central Ohio lacks many of the amenities they find attractive, that help create a vibrant urban environment, such as transit, bikeways and districts that make it comfortable to walk and play.

Hydrocarbon fuels contribute to central Ohio's designation as a maintenance area for ozone and as non-attainment for small particulates. Furthermore, our transportation system has ramifications for our balance of payments and national security. Oil imports have grown from about 2percent to 3percent of all US imports in 1998 to almost 14percent in 2008.

The United States is losing its competitive advantage over other countries because of four decades of under-investment in transportation. MORPC estimated that by the year 2030 the region will spend over \$15 billion on transportation. Over half will be for maintaining and operating the system, and the remaining portion will be to improve it. We also estimate that nearly \$18 billion worth of needed and desired projects will not be funded by 2030, given the current revenues at the local, state and federal levels. Without additional revenues, many congested and unsafe roads and freeways will go unimproved, and central Ohio will find it difficult to build a region-wide interconnected transportation system that includes all modes and is sustainable.

So, what should be the transportation goals for our region and for federal transportation authorization?

- Ensure we properly maintain what we have.
- Ensure that our infrastructure is as safe as it can be.
- Reduce congestion. There are several ways to do this.
- Remove bottlenecks for passengers and freight. For railroads as well as highways.
- Reduce vehicular trips on our highways by moving freight to rail and drivers to other modes such as transit, walking, bicycling, and ridesharing. Federal legislation needs to encourage system thinking for all modes. It should explicitly support such concepts as Complete Streets. Building out our broadband infrastructure will mean some travel won't have to be made at all.
- We need to better manage our transportation system through technology. We have made a start with the Columbus signal system and ODOT's freeway management system, but we need to make real-time road conditions such as speeds, incidents, and weather readily available to businesses and travelers through an Advanced Traveler Information System (ATIS).
- It is widely recognized that regions are the economic building blocks of the 21st Century. The entities in each region must collaborate to be jointly accountable for the outcomes of transportation investments – not only for transportation efficiency, but for livability, environmental, and social outcomes as well.
- All modes of travel - highways, transit, bikeways, walkways, and rail - receive too little investment. Because the gas tax is inadequate we need to explore other mechanisms such as a Vehicle Miles Traveled tax.
- We also need to bring projects to construction more quickly to reduce the bite of inflation. It often takes a decade or more to take a project from conception to opening.

Every day, each of us relies on our transportation system. It affects our livelihoods, our health, access to goods and services, and our children's education. It is worthy of thoughtful attention and adequate funding.

1. Increase Private Sector Investment in Transportation Projects

Historically, central Ohio has been a crossroads - a waypoint on the National Road, with critical junctions of canals, railroads since early times, and the interstate system. Today, central Ohio is strategically located within a one-day truck drive of 58 percent of the United States' population and 61 percent of its manufacturing, and 50 percent of Canada's population. Central Ohio's location led to our early development as a national logistics leader. Today, over 14 percent of private-sector jobs in our region are in the logistics field.

A strategic public/private partnership has formed in central Ohio to capitalize on the predicted shift in the global supply chain as a result of the widening of the Panama Canal. One successful existing example of this partnership is that between the Norfolk Southern Railroad and the federal government to develop the Heartland Corridor between the Ports of Virginia and Columbus, Ohio region. Likewise, Norfolk Southern partnered with local and state officials in both Ohio and Virginia to link the only port on the east coast truly capable of servicing the new post-Panamax ships, and the center of the US distribution network. Outside of Columbus, Norfolk Southern built the Rickenbacker Intermodal (Mega) Facility. This facility and its well-established partners in central Ohio's trucking and air cargo industries created a truly multimodal economic development opportunity for the state of Ohio and the Midwest. Understanding the uniqueness of this opportunity, our region formed a partnership with the railroad to match the railroad's investment to develop the road network to support the facility and use both the public and private investment as a catalyst for the economy of central Ohio.

The Columbus region will also benefit from similar government/private sector partnerships where appropriate investments on the parts of each will contribute to the economic success of the region. Establishing a Freight Funding Program targeted at removing freight bottlenecks, whether on the highway or rail system or in the intermodal yards and ports, will facilitate these partnerships.

2. Cut Government Red Tape and Streamline Transportation Programs

The American Highway Users Alliance position on reauthorization contains some information on streamlining. MORPC Executive Director Chester Jourdan headed up the committee that drafted that portion of the Alliance's position. It is on page 19 (p. 21 of 24) of the linked document (and is repeated below): <http://www.highways.org/pdfs/2009-reauth-final.pdf>

The United States must remain competitive in the global marketplace and improve the quality of life for its citizens through sustainable mobility. Therefore, it is necessary for us to improve our highway and transportation infrastructure while protecting the environment. Efficient project delivery can foster environmental improvements by more quickly removing bottlenecks that result in pollution from idling vehicles.

The current process for developing transportation projects takes far too long from conception to completion. These delays do not serve the public interest because they weaken the effectiveness of dollars that are made available for transportation improvements and often prevent improvements that reduce wasted fuel and emissions. Transportation

infrastructure investments are not as cost-effective as they could be due to the current burdensome project development process and a host of regulatory inefficiencies that result in delays and increased project costs.

As new climate change laws and environmental regulations are put in place, more concern must be given to how new requirements will affect the timeline for development of future highway projects and transportation infrastructure-related projects. Congress should ensure that new requirements do not slow project delivery or add new, time-consuming transportation and land-use planning mandates.

A continuing impediment to the timely delivery of transportation infrastructure projects is the administrative process that has been developed to implement the National Environmental Policy Act (NEPA). USDOT should take greater responsibility for ensuring this process works effectively and quickly for all concerned. Streamlining the process is not shortcutting it, and it should not result in fewer environmental protections than are established in law. This process and other environmental requirements can be made more efficient by changes such as the following:

- *Firmer, shorter deadlines for project reviews and responses to them must be established and enforced.*
 - *Federal agency coordination needs to be regulated to shorten time in decision making.*
 - *Revision of FHWA's technical advisory to shorten review periods between all agencies.*
 - *Projects with significant environmental impacts require concurrent review times for all agencies.*
 - *Include all disciplines within one public involvement process for the life of the project.*
 - *Project reviews and approvals should be immune from repeated agency challenges once initial challenges have been satisfied.*
- *USDOT should be held responsible for the timely advancement of the project development process with regard to coordination with other federal agencies. Develop programmatic agreements that are used during planning through project development.*
- *Additional Improvements to be pursued:*
 - *Only appropriately focused alternatives for projects should be considered in project development.*
 - *Strengthening of the link between the planning and project development process should continue, so that more work done during the planning process can be accepted, and not redone, in the NEPA process.*
 - *Remove duplicative processes.*
 - *Simplify the categorical exclusion process so that projects can be documented on a simple form.*
 - *Expand pilot streamlining programs so that all states may participate, if they choose.*
- *Laws and regulations resulting from additional environmental protections should be pursued in such a manner that they do not further lengthen an already long transportation infrastructure project development process.*

- *The modest conformity changes enacted in SAFETEA-LU were generally positive and should be continued and expanded in subsequent legislation.*
- *It is important that the consequences to project development of climate change legislation be adequately considered. Further, the proposal to provide the Environmental Protection Agency with new authority to approve the transportation plans to ensure consistency with climate change legislation could complicate the already complex planning process and delay project delivery. USDOT should have sole authority to approve required transportation planning documents.*

The Hilliard Rome Road project is an example of such delays. From the time the engineer was authorized to start work on the widening of Hilliard-Rome Road from 2 to 5 lanes until it was ready to be let for construction, took from SFY 1997 until 2007 for the section from Roberts Road to Scioto Darby Road, and from SFY 1998 until 2011 for the section from Westchester Woods Boulevard to Roberts Road.

3. Empowerment of Metropolitan Planning Organizations (MPOs)

Many reports issued in the last several years recognize that regions are the economic units of the 21st Century. With the enactment of NAFTA and the globalization of market places it has become evident that the major cities and their environs (forming regions) are the geographies that are best equipped to compete effectively in the current environment. The Brookings Institution in several publications states, "the top 100 metropolitan areas together take up only 12 percent of the land in the United States, but account for 65 percent of our population, 68 percent of jobs and 75 percent of the nation's economic output."

However, in most states and particularly in Ohio, there are limited regional governmental structures which, due to limited statutory authority, are equipped to lead their regions in organizing themselves to effectively compete with the other regions of the nation and the world.

Because of competition within regions it is not always possible for MPOs to target investments. There is often sentiment that investments must be spread uniformly across the region, which dilutes their effectiveness.

MPOs are organizations designed to serve their regions. It requires forward-thinking leadership in the region to understand that MPOs should not look only at the needs of the communities within the region, but also to effectively connect the regions in the state and in the nation. In addition to ensuring regions are connected to each other, they must also ensure their regions are properly linked to Corridors of National Significance and overreaching national transportation goals and objectives.

The service areas of the MPOs should be tied to their true regions, such as is currently identified by the Bureau of the Census. However, defining regions should be more thoughtful than just establishing a population threshold. Consideration should be given to the economic reach of the central urban area, cultural ties with surrounding areas, and the organization of natural resources of that region (for example, watersheds). Areas of a state not included in urban regions would be assigned to Rural Planning Organizations. In Ohio, we have MPOs that have been created in the shadow of large urban areas, and we also have smaller cities that do not qualify to be MPOs under current law, which are central to the economy of a multi-county area.

The smaller planning entities should continue to have a role similar to the one MPOs have today, which is cooperative. The larger MPOs could be modeled after the FTA/RTA arrangement where the RTAs receive funds directly from USDOT and then are held accountable for the use of those funds. We would at a minimum suggest that no new MPOs be created within the MSA of an existing MPO. Those urban areas should be included with the current MPO.

4. Improving Accountability and Performance in Our Nation's Transportation Programs

No two regions of the country are quite the same, so it will be important for the new transportation legislation to provide a small number of flexible programs that allow the states and regions to decide which investments will best support economic recovery and creation of jobs. Some regions will rely upon road investments; some will need to invest in freight facilities; while others will benefit from investments in transit and bicycle and pedestrian facilities. Most regions will need to invest in all of these types of facilities to varying degrees. Consequently, federal programs must retain eligibility for projects which comply with the tenets of the National Complete Streets Act, which strengthen the nation's transit systems, and should explicitly include preferred funding eligibility for transportation management tools such as Advanced Traveler Information Systems and Travel Demand Management.

There should be few federal transportation programs which provide maximum flexibility for the types of infrastructure programs they can provide. However, new legislation must support fix-it-first programs, so that infrastructure costs are paid directly, instead of indirectly by travelers and freight haulers who currently pay through lost time and wear and tear on their vehicles. Also, safety must continue to be a federal emphasis because of the high costs to society of lives lost, property damaged, and time lost in crashes.

A major portion of accountability in a federally financed transportation system is ensuring that revenues raised for transportation purposes are not impounded or diverted to other purposes. It is also important that a predictable level of funding be provided to the states since projects take time to bring to construction and no one wants to risk development funding on a project that may not receive construction funding before it has to be re-engineered. If this is not achieved, projects will become increasingly costly, as the risk gets factored into the project. Because the current transportation user fee system is failing, the nation must investigate and take steps to put in place a replacement system, such as a VMT user fee.

In order to ensure that the states and regions are using federal resources wisely, the new legislation should require that federal expenditures result in measurable results to achieve national, state, and regional goals for mobility, safety, jobs, and the environment. However, goals and penalties should be realistic. It is proposed to set some goals on a state-by-state basis. States which may have already achieved significant success should not be penalized for having goals which call for smaller incremental improvements than states which have not achieved such success.

While requiring states and regions to be accountable should be a critical piece of our future transportation vision, it is important to remove impediments to their success. Changing from a rules-based management system to a performance-based system will be critical to achieving both of these goals. A systemic look at this issue is needed. Below are a few issues that have impeded projects in central Ohio:

- **Matching Funds:** While it is important that regions pay their share toward transportation investments, communities are unable to meet match requirements. For example, the City of Columbus has had difficulty providing the local match for such projects as Hard Road,

Hilliard-Rome Road, and Alum Creek Drive, which together serve more than 52,000 vehicles per day.

- Streamlining: As discussed earlier, improvements to the transportation development process must be made to better respond to economic development needs, and to control increased project costs resulting from the time it takes to develop a project.
- Private Sector Involvement: States and regions must be enabled to utilize private sector investment in infrastructure. For example, the legislation should encourage more responsible permutations of "design, build, operate" by private sector with payment via tolling for new facilities and use of existing government revenues for existing facilities.

Creative Financing Alternatives

There are numerous creative financing techniques. Some worth considering include:

Investment tax credits

Congress has authorized qualified tax credit bond programs totaling in excess of \$36 billion for forestry conservation, renewable energy projects, energy conservation, qualified zone academies and new school construction. Some transportation experts have called for the creation of a transportation tax credit bond program similar to these other programs to help induce further investment in transportation. Like the programs mentioned above, these tax credits (the bond interest would be paid in a tax credit) would be refundable, which the bondholder could present to the US Treasury for cash, effectively making these interest-bearing bonds very attractive on the open market, and taking some pressure off the formulaic programs of the USDOT.

Transportation Infrastructure Finance and Innovation Act (TIFIA)

TIFIA provides Federal credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to finance surface transportation projects of national and regional significance. Major projects around the country have successfully used the program. However, because of its usefulness, competition for funding has been tight. The infusion of more funding in the program would allow more projects to be completed much more expeditiously. In addition, this program is a great way to leverage federal funds. For example, USDOT has stated that for each dollar of Federal funds in the TIFIA program, it can provide up to \$10 in TIFIA credit assistance, which would result in leveraging \$30 in other transportation infrastructure investment.

Regional Infrastructure Improvement Zones (RIIZs)

RIIZs are a new, innovative solution to encourage private-sector investment in infrastructure through a favorable tax treatment of funds and streamlined approval processes. RIIZs will allow private corporations or individuals to contribute tax-deductible funds toward construction and maintenance of public infrastructure. RIIZs will address the need for alternative sources of infrastructure funding and benefit communities by helping build infrastructure to keep people, businesses and the economy growing and moving. See the following link for more information:
http://www.narc.org/uploads/File/Transportation/Regional_Infrastructure_Improvement_Zones.pdf

High-Occupancy Toll Lanes

High-Occupancy Toll Lanes is a road pricing scheme that gives motorists in single-occupant vehicles access to high-occupancy vehicle lanes (or "HOV lanes"). Sometimes, entire roads are designated for the use of HOVs. Tolls are collected either by automatic number plate recognition or electronic toll collection systems. Typically, these tolls increase as congestion within the total roadway increases, a policy known as congestion pricing. The goal of this pricing scheme is to minimize traffic congestion by allowing people to transfer their own congestion cost into monetary terms, and purchase their way

out of congestion. Both variants cause traffic to shift to other modes, to other routes or other times of day, thus better using existing infrastructure.

Grant Anticipation Revenue Vehicle (GARVEE)

GARVEE is a debt financing instrument authorized to receive Federal reimbursement of debt service and related financing costs under Section 122 of Title 23, United States Code. GARVEEs can be issued by a state, a political subdivision of a state, or a public authority. States can receive Federal-aid reimbursements for a wide array of debt-related costs incurred in connection with an eligible debt financing instrument, such as a bond, note, certificate, mortgage, or lease. Reimbursable debt-related costs include interest payments, retirement of principal, and any other cost incidental to the sale of an eligible debt instrument. However, the lack of federal guarantees for these instruments limits the states' ability to use them.

Thank you for the opportunity to provide testimony on this increasingly critical issue to our nation's future.



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US Representatives Steve LaTourette, Pat Tiberi, Steve Stivers, Jim Jordan, Steve Austria,
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Comments Regarding the Transportation Reauthorization Bill Listening Tour by the Ohio Environmental Council

On behalf of our over 100 environmental and conservation group members and thousands of individuals throughout the state of Ohio, the Ohio Environmental Council (OEC) would like to take this opportunity to comment on the Transportation Reauthorization Bill during the Listening Tour stop in Columbus, Ohio on February 19, 2011 at the Ohio Statehouse.

The Transportation Reauthorization Bill is critical in re-building America's infrastructure while paving the way to more sustainable transportation goals which reduce the burden on business and improve air quality. The inclusion of clean construction requirements is critical in existing efforts to reduce harmful diesel pollution in our communities. Diesel pollution contributes to impacts to health, economy, and the environment. Clean construction requirements can achieve deep reductions in pollution.

Health Impacts of Diesel

Numerous studies have revealed that diesel pollution is dangerous to human health. Ohio is especially hit hard given our location and economic base. Diesel engines last 30-40 years and are commonplace in our community, making them significant contributors to air pollution. Diesel emissions contain hundreds of harmful constituents in gaseous and solid form such as nitrogen oxides (NOx), volatile organic compounds (VOCs), hydrocarbons (HC), sulfur oxides (SOx), and particulate matter (PM). The volatile organic compounds and nitrogen oxides emitted by diesel vehicles, when heated by the sun, forms ground-level ozone pollution. According to the U.S. EPA, ozone pollution can cause human airway irritation, coughing, and permanent lung damage poignantly described as "sunburn on the lungs." Diesel engines also emit particulate matter (soot), along with 40 toxins including formaldehyde and benzene, which is linked to asthma attacks, painful breathing, heart and lung disease, and early death. On average, diesel exhaust poses a cancer risk that is more than seven times higher than the total cancer risk of all other 133 air toxics tracked by EPA combined.

Unlike other sources of air pollution, diesel emissions pose a particular threat because it is released at ground level where it is easily inhaled by people. Diesel-powered construction engines pollute as they work on construction sites. As they are usually on a site for more than one day, they create a "intense bubble of diesel pollution" that can impact neighboring schools, homes, community centers, and other structures as well as commuters.

More than three-quarters of all Americans live near intersections, bus stops, highways, bus and truck depots, or construction sites, which places them in close proximity to toxic diesel exhaust especially for urban populations. A 2010 study from the University of Southern California revealed that "traffic related air pollution has been associated with adverse cardio respiratory effects, including increased

asthma prevalence.” Additionally, the authors concluded that traffic-related pollution exposure at schools and homes may both contribute to the development of asthma (not just causing asthma attacks). People with a respiratory illness, children and young adults, and the elderly are at greatest risk from these pollutants. Children are most vulnerable to air pollution because of their developing lungs.

As noted above, air pollution from diesel exhaust contributes to health problems such as an increased number of asthma attacks, aggravation of chronic bronchitis, painful breathing, decreased lung function, heart and lung disease, and premature death. A Clean Air Task Force report revealed that Ohio is hit especially hard from diesel pollution:

- 627 Premature Deaths
- 879 Non-Fatal Heart Attacks
- 18,582 Asthma Attacks
- 352 Chronic Bronchitis
- 73,022 Work Loss Days (WLD)
- 428,557 Minor Restricted Activity Days (MRAD)

A Clean Air Task Force (CATF) report released in February 2005 and updated in 2010, *Diesel and Health in America: The Lingerin Threat*, used U.S. EPA's own consultants and methodology to estimate the impact of diesel particulate pollution on communities. It estimated that, annually, nearly 21,000 people will die prematurely in the U.S. as a result of exposure to fine particle emissions from mobile diesel sources. Nationally, death from diesel pollution equals or exceeds the death toll from drunken driving, homicide, or AIDS. According to the U.S. EPA over 37% of land-based particulate matter comes from construction equipment. Nationwide there are more than 2 million pieces of construction equipment and more than 50,000 in Ohio.

Economic Roadblock

Diesel pollution contributes to nearly one-third of Ohio counties failing the particulate matter (PM 2.5) standard and the soon-to-be new 8-hour ozone standard. According to estimates from the Ohio EPA, in 2009, the nonroad (construction equipment, ag, etc.) sector PM 2.5 emissions were 6,723.32 tons. The NOx emissions from the non road sector were 69,392 tons.

If Ohio does not meet federal air quality standards it faces potential consequences such as county emissions offsets for business, inspection/maintenance programs (E-check), and possibly have highway funds withheld from the state. Additionally, the monetized value of the health impacts is \$5.1 billion.

Solutions

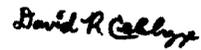
Given the long life of construction diesel engines (more than 20 years) it is imperative that we address these heavy polluters. Diesel emission controls can reduce pollution from construction diesel vehicles by more than 90% when used with Ultra Low Sulfur Diesel Fuel.

The return on investment is substantial. According to the Keybridge Associates, every \$1 billion invested in clean diesel technology would yield 19,000 jobs. We know that every dollar invested in diesel clean up we see \$12 avoided in health damages. Additionally, according to the Manufacturers of Emission Control Association, Ohio ranks 6th in the country for states employing emission control manufacturing industry (after-treatment only); and third in the country for employing industries related to diesel retrofits.

The Transportation Reauthorization Bill should require and fully fund the use of clean diesel equipment (i.e., with diesel particulate filters) on federally funded transportation projects. This would ensure that the public dollar is not being spent to harm the public health.

Thank you for this opportunity to submit written comments regarding the Transportation Reauthorization Bill. We will submit comments during the official public hearing timeline.

Sincerely,

A handwritten signature in black ink that reads "David R. Celebrezze". The signature is written in a cursive style with a prominent "D" and "C".

David R. Celebrezze
Dir. of Air & Water
Special Projects

Statement for the Record
House Committee on Transportation & Infrastructure
Columbus, Ohio Field Hearing
“Improving and Reforming our Nation’s Surface Transportation Programs”
February 19, 2011

The undersigned organizations appreciate the opportunity to submit this statement for the record to express our priorities for the reauthorization of the surface transportation bill.

Transportation provides access to opportunity for millions of people, and thus, the bill has the potential to serve as a key component in addressing poverty, unemployment, and equal opportunity goals. As organizations that represent persons of color, women, children, individuals with disabilities, gays and lesbians, older adults, labor unions, major religious groups, civil libertarians, and human rights organizations, we are committed to ensuring that transportation investments are equitably targeted to the people and places that need them the most.

Our transportation policy has the potential to expand economic opportunity for low-income individuals by connecting them to jobs and creating, training, and retaining underrepresented workers in highway construction, transit, and rail projects. It also has the potential to exacerbate some communities’ isolation from jobs and resources. At a time of high unemployment and unprecedented income inequality, equity in transportation policy is one of the most pressing civil and human rights issues our nation faces.

We believe that equal access to affordable transportation is a fundamental civil right and that several core principles must be adhered to in federal transportation policy. First, federal policy must create affordable, available, and accessible transportation options for everyone, regardless of income, race, age, disability, background, or ZIP code. Second, transportation policy must create, protect, and ensure equal employment opportunities in the transportation industry. Third, federal transportation investments must promote healthy, safe, and inclusive communities with housing opportunities for families of all incomes. Fourth, equity requires that decisions regarding the public dollars invested in transportation must be made by bodies that represent all constituents equally. Finally, there must be strengthened civil rights enforcement to ensure access to transportation, as well as prevent disproportionate negative impacts on disadvantaged communities.

The federal surface transportation program is an important and essential source of funding for providing safe and reliable transportation service and improving the Buckeye State’s highway and bridge conditions while ensuring fair access to quality jobs and contracting opportunities.

Transportation and Ohio

Transportation has been a key driver of Ohio’s economic growth—whether it was the state’s canal system, highways, airports, or freight railroads. Ohio, only the 35th in the nation in terms of land size, has the second largest inventory of bridges, the fourth highest number of operating

rail routes, the fourth largest interstate system, and the seventh largest state highway network.¹ Columbus, like Ohio's other major metropolitan areas (including Cleveland, Cincinnati, Dayton, Akron, Youngstown, and Toledo) has unique transportation challenges that can be improved with targeted transportation investments.²

Today, the state faces significant gaps in trying to meet infrastructure needs. Ohio soon will face a two-year budget shortfall of about \$8 billion, the state's worst fiscal crisis since the early 1980s.³

Transportation Equity Fosters Employment Growth and Promotes Equal Job Opportunity

According to the Brookings Institution, by 2006, 45 percent of jobs in our 98 largest metro areas were located more than 10 miles from the urban core.⁴ While jobs are increasingly moving to suburbs and remote exurbs, affordable transportation options to and within these areas have not increased at the same pace. As a result, many lower-income and minority people living in rural communities, small towns and urban areas are often isolated from job opportunities.

Most of the outlying areas where an increasing percentage of American jobs are located are reachable only by car. This disproportionately harms people of color: 19 percent of African Americans and 13.7 percent of Latinos lack access to automobiles, compared with 4.6 percent of Whites.⁵ Lack of public transportation also impedes efforts to reduce poverty—three out of five jobs that are suitable for welfare-to-work participants are not accessible by public transportation.⁶

Our next major federal investment in surface transportation will create hundreds of thousands of jobs in the transportation sector. States with diverse public transportation options have better job growth and economic development—something that Ohio desperately needs. By improving the state's transportation network, Congress can help create good paying and much needed jobs. Investments in transportation can and will create jobs and stimulate the economy. A strong and efficient multi-modal transportation system in Ohio would retain and attract the jobs and businesses the state needs.⁷ Business owners also have expressed the need to connect workforce

¹ Testimony of Jolene Molitoris, Assistant Director, Ohio Department of Transportation to the U.S. House of Representatives Subcommittee on Highways and Transit, "Transportation Challenges of Metropolitan Areas in Ohio," April 9, 2008, at 2.

² *Id.*

³ Steve Hoffman, "Ohio Hangs in Balance" *Akron Beacon Journal*, at http://www.ohio.com/news/top_stories/112755134.html.

⁴ Elizabeth Kneebone, "Job Sprawl Revisited: The Changing Geography of Metropolitan Employment," Metropolitan Policy Program at Brookings, April 2009, at http://www.brookings.edu/~media/Files/rc/reports/2009/0406_job_sprawl_kneebone/20090406_jobsprawl_kneebone.pdf.

⁵ Brookings Institution and UC-Berkeley. "Socioeconomic Differences in Household Automobile Ownership Rates" at <http://gsppi.berkeley.edu/faculty/sraphael/berubedeakenraphael.pdf>.

⁶ Surface Transportation Policy Project, "Transportation and Poverty Alleviation" at <http://www.transact.org/library/factsheets/poverty.asp> referring to study by the Volpe Institute.

⁷ The State of Poverty in Ohio: Building a Foundation for Prosperity," at 2.

to workplace, reporting that jobs frequently go unfilled due to the lack of connection between those who need the jobs and the businesses that have them.⁸

As Ohio seeks to rebound from the economic downturn, making needed improvements to the state's surface transportation system will create jobs in the short term and stimulate long-term economic growth as a result of enhanced mobility and access. Ohioans know firsthand that rising unemployment and sinking wages have pushed record numbers of Ohioans into poverty. Since 2002, the state's population has increased by 1.2 percent while the number of persons living in poverty has grown by 41.7 percent.⁹ As of December 2010, the state's overall unemployment rate was 10.1 percent, while the African-American unemployment rate was a staggering 16.9 percent and the Hispanic unemployment rate was 11.6 percent.¹⁰ The employment rate for people with disabilities in Ohio, compared to people without disabilities, reflects an equally abysmal status. While 80 percent of non-institutionalized working-age adults (ages 21 to 64) are employed, the employment rate is only 38 percent for people with disabilities.¹¹ Given the level of unemployment and high poverty levels, the next transportation bill should ensure fair access to all Ohioans— regardless of race, gender, income, disability—to quality jobs, workforce development, and contracting opportunities in the transportation industry. We support initiatives that will bring jobs and economic recovery to the Columbus region and the state of Ohio.

The next surface transportation bill should also strengthen, enforce, and tie federal funding to compliance with contracting goals for disadvantaged business enterprises. As Ohio's lead facilitator of minority business growth, the Minority Business Enterprise Division develops new initiatives targeting urban entrepreneurship to provide business assistance to minority-owned businesses. The services provided by the Minority Business Enterprise Division are creating wealth and expanding economic opportunities for Ohio's minority business community.¹²

Transportation Equity Requires Affordable, Available, and Accessible Transportation Options

Our civil rights laws bar employers, federal, state, and local governments and public accommodations from discriminating in access to health care, employment opportunities, housing, education, and voting (among others). Although our laws promise to open doors to

⁸ Ohio's 21st Century Transportation Priorities Task Force: Moving Ohio into a Prosperous New World, Jan. 2009, at 23.

⁹ "The State of Poverty in Ohio: Building a Foundation for Prosperity," Prepared for the Ohio Association of Community Action Agencies by Community Research Partners. Jan. 2010, at 6.

¹⁰ U.S. Bureau of Labor Statistics, Ohio Employment Status by Race, <http://www.bls.gov/lau/ptable14full2010.pdf>, at 38.

¹¹ Erickson, W. Lee, C., & von Schrader, S. (2010). 2008 Disability Status Report: Ohio. Ithaca, NY: Cornell University Rehabilitation Research and Training Center on Disability Demographics and Statistics. At <http://www.ilr.cornell.edu/edi/disabilitystatistics/reports/report.cfm?fips=2039000&submitButton=Get+HTML#emp-state>.

¹² Ohio Department of Development, "Welcome to the Minority Business Enterprise Division," at <http://www.development.ohio.gov/Minority/>. For example: The Jumpstart Launch 100 initiative provides intensive business assistance and access to growth capital to selected minority owned firms with high growth potential; and two regional Minority Business Development Organizations which facilitate training, strategic management, networking, and mentoring opportunities with major corporations to ensure minority owned businesses in Ohio have access to the assistance needed to become productive and profitable.

opportunity, this is a hollow promise for people who are physically isolated from jobs, schools, stores that sell healthy food, and health care providers. As our metropolitan areas have expanded and jobs and services have become more diffuse, equal opportunity depends upon equal access to affordable transportation.

Transportation investment to date has produced an inhospitable landscape for low-income people, people with disabilities, and the elderly. People of color are disproportionately disadvantaged by the current state of transportation. The cost of car ownership, underinvestment in public transportation, and a paucity of pedestrian-friendly and bicycle-accessible thoroughfares have isolated low-income people and struggling families from jobs and services.

This is the civil rights dilemma: our laws purport to level the playing field, but our transportation choices have effectively barred millions of people from getting across it. Traditional nondiscrimination protections do not protect the person for whom opportunities are literally out of reach.

For this reason, our transportation policy should expand and improve access to people for whom the cost of car ownership is prohibitive and for those who may depend on public transportation, including older adults, people with disabilities, people in rural areas, and low-income people. New highways exacerbate transportation inequities by extending the gaps between housing and jobs. An equity agenda should favor fixing existing infrastructures and incentivizing fill-in development in metro areas.

For Ohioans in areas far from an urban core, a vehicle is the only practical, workable solution. Jobs, housing, services, and health care facilities in outlying areas are seldom centralized. Lack of access to affordable and reliable transportation has been cited as one of the biggest hurdles to finding and keeping a job, particularly for individuals with limited income, single parents, and others transitioning to work.¹³ Because of the cost of car ownership, some Ohioans cannot afford to purchase or maintain a car. The Job Access and Reverse Commute (JARC) program addresses this barrier by providing funds to support the development of new transportation services that fill gaps in existing services, or the promotion of transportation use to employment and related destinations.¹⁴ The JARC program seeks “to improve access to transportation services to employment and employment related activities for welfare recipients and eligible low-income individuals and to transport residents of urbanized areas and nonurbanized areas to suburban employment opportunities.”¹⁵

The New Freedom program was designed “to provide additional tools to overcome existing barriers facing Americans with disabilities seeking integration into the work force and full participation in society.”¹⁶ We support the goal of the JARC and New Freedom programs of

¹³ Community Transportation Association. Employment Transportation Briefs: A Guide to Job Access and Reverse Commute Programs, http://web1.ctaa.org/webmodules/webarticles/articlefiles/A_Guide_to_JARC.pdf

¹⁴ *Id.*

¹⁵ U.S. Department of Transportation, Federal Transit Administration, FTA Circular 9050.1: The Job Access and Reverse Commute (JARC) Program Guidance and Application Instructions, May 1, 2007, II-1.

¹⁶ U.S. Department of Transportation, Federal Transit Administration, FTA Circular 9045.1: The New Freedom Program Guidance and Application Instructions, May 1, 2007, II-1.

improving access to transportation services to employment and employment-related activities for Temporary Assistance for Needy Families recipients and eligible low-income individuals in rural and urban areas. JARC and the New Freedom programs should be fully funded in the next transportation bill, so that Ohio can continue to use funds to, among other things, assist low-income individuals to gain access to employment opportunities through such solutions as car loan and purchase programs.

Ohio invests 99 percent of its transportation resources on highways, leaving less than one percent for public transportation, putting it 40th in the nation. All the states in the nation that spend less on transit than Ohio are more rural states, with an average population of only 20 percent of the population of Ohio.¹⁷ Nearly 9 percent of Ohio households have no vehicle.¹⁸ Despite the need for public transportation, Ohio transit agencies have been forced to slash transit services and raise fares. A decade ago, elimination of federal operating funding for public transportation systems serving communities of more than 200,000 people forced states and local governments to make up for the federal cut.¹⁹ While most states dramatically increased support for public transportation, the state of Ohio has cut funding by 75 percent since 2002.²⁰

Ohio's transportation policy needs to support a wide range of choices and users, not just car travel on highways and roads.²¹ Studies show that 60 percent of bus trips in Ohio are work related, and that people under the age of forty are less likely to own cars.²² Ohio's younger adults need access to education, jobs, and entertainment without needing a car. Seniors or persons with disabilities may not be able to use or may not want to drive. Innovative transportation solutions are needed in Ohio's suburban and some rural areas as a means for people in need of access to employment and services.²³

Where public transportation exists, it does not always take people where they need to go. For example, several Ohio communities report that many public assistance offices are not near bus lines, making lack of transportation a barrier to receiving available services.²⁴ More creative solutions are needed in rural areas as well,²⁵ where more than half of all bus riders located in rural parts of the state are people with disabilities,²⁶ or senior citizens who need access to

¹⁷ Greater Cleveland Regional Transit Authority, Budget Challenges, <http://www.riderta.com/budgetchallenges/>

¹⁸ <http://www.dot.state.oh.us/Divisions/TransSys/Dev/Transit/Documents/Programs/Publication/StatusOfPublicTransitInOhio2010.pdf>

¹⁹ Community Transportation Association
<http://web1.ctaa.org/webmodules/webarticles/anmviewer.asp?a=2149&z=5>

²⁰ Policy Matters Ohio, Press Release dated Dec. 30, 2010, at <http://www.policymattersohio.org/pdf/SaveTransitNowPR2009.pdf>.

²¹ *Id.*

²² <http://ohiosierraclub.org/wp-content/uploads/2009/09/jan-feb-newsletter.pdf>

²³ The State of Poverty in Ohio: Building a Foundation for Prosperity," Prepared for the Ohio Association of Community Action Agencies by Community Research Partners. Jan. 2010, at 42. "The State of Poverty in Ohio: Building a Foundation for Prosperity," at 34.

²⁴ The State of Poverty in Ohio: Building a Foundation for Prosperity," at 42.

²⁵ *Id.* at 34.

²⁶ See Association of Programs for Rural Independent Living: Transportation Act Reauthorization Position Statement: Rural Transportation for People with Disabilities. Jan. 2010. Lack of public transportation is one of the most serious, persistent problems reported by people with disabilities who live in rural America. The next surface

education, employment, and healthcare.²⁷ Ohio should strengthen its public transportation system, maximize the use of grant-funded transportation programs, and improve accessibility and availability in public transportation.

Transportation Equity Promotes Healthy Communities

Transportation decisions contribute to economic and racial segregation in our metro areas. Emphasis on one-use highways (without sidewalks, bicycle access, or rapid bus routes) contributes to this segregation and severely restricts housing choices for people with disabilities, low-income people, and the elderly. When a community is car-dependent, those who cannot afford automobiles or lack the ability to drive cannot live there even if housing is affordable.

Public transportation creates healthier communities, ultimately reducing air pollution, which disproportionately affects low-income neighborhoods and communities of color, encouraging people to walk more, and increasing access to jobs. Ohio is the fourth largest emitter of greenhouse gases, and the transportation sector produces about one third of this pollution.²⁸ Many Ohio counties fail to meet federal air quality standards for ozone and particulate matter, creating health problems such as asthma and other respiratory illnesses.²⁹ Promoting healthy and safe communities should be a priority in the upcoming surface transportation bill.

Transportation Equity Requires Equitable Decision-Making Power

Our transportation policy has been made by bodies that do not represent all constituents equally.³⁰ A more equitable transit system is only possible if low-income people, people of color, and people with disabilities have meaningful representation in local decision-making bodies such as metropolitan planning organizations. Everyone should have a seat at the table when transportation policy is developed and funds are spent.

Transportation Equity Requires Meaningful Civil Rights Protections

To combat the structural discrimination in transportation that excludes communities of color, people with disabilities,³¹ and low-income populations from an equitable share of transportation investments, federal statutory reform and vigorous enforcement of existing provisions are needed. Enforcing civil rights protections to ensure fair and equitable access to the benefits of our transportation system and prevent disproportionate negative impacts on disadvantaged communities is a priority for civil and human rights organizations.

transportation authorization bill should require and assist public transportation systems to meet the minimum access requirements stipulated in the Americans with Disabilities Act.

²⁷ *Id.*

²⁸ <http://www.ecowatch.org/pubs/may10/savetransit.htm>.

²⁹ *Id.*

³⁰ Thomas W. Sanchez "An Inherent Bias? Geographic and Racial-Ethnic Patterns of Metropolitan Planning Organization Boards". Accessed from: http://www.brookings.edu/reports/2006/01transportation_sanchez.aspx

³¹ The Central Ohio Transit Authority (COTA) is being sued over compliance issues with the Americans with Disabilities Act (ADA). The lawsuit alleges that COTA drivers do not stop in front of people with disabilities and do not announce routes. This is the third time in ten years COTA is defending itself from complaints that it ignores key provisions of the ADA. Robert Vitale, "Federal Lawsuit, Bus-Stop Blues," The Columbus Dispatch, Jan. 10, 2011.

Transportation policy has always played a central role in the struggle for civil and human rights. Practical access to transportation helps ensure access to good schools and housing, basic services like health care, and the acquisition of job skills and employment opportunities. Conversely, the absence of affordable, available, and accessible transit threatens the civil rights of millions of Americans. Past investment has disproportionately benefitted people in outlying areas, leaving many low-income Americans out of reach of jobs, and forcing others to exhaust their budgets on transportation at the expense of other needs such as health care, housing, food, and education.

We urge you to support transportation investments that focus on equity. We look forward to working with you and your staff in crafting a bill that addresses the needs of all communities.

The Ability Center of Greater Toledo
Timothy Harrington, Executive Director
Sylvania, Ohio

The AMOS Project
Paul Graham, Executive Director
Cincinnati, Ohio

The Arc of Greater Cleveland
Cindy Norwood, Executive Director
Cleveland, Ohio

Autism Society of Ohio
Barbara C. Yavorcik, Executive Director

AXIS Center for Public Awareness
Sue Willis, Director
Columbus, Ohio

The Kirwan Institute for Race and Ethnicity, The Ohio State University
Andrew Grant-Thomas, Deputy Director
Columbus, Ohio

Mid Ohio Board for an Independent Living Environment (MOBILE)
Bev Rackett, Executive Director
Columbus, Ohio

The Ohio Higher Education Rail Network (OHERN)
Roger Shope, State Campaign Director
Bowling Green, Ohio

The Ohio Olmstead Taskforce
Shelley Papenfuse, Chair

Ohio Statewide Independent Living Council
Kay L. Grier, Executive Director

Policy Matters Ohio
Amanda Woodrum, Researcher
Cleveland, Ohio

SEIU Local 1
Tom Balanoff, President

Southeastern Ohio Center for Independent Living
Pam Patula, Executive Director
Lancaster, Ohio

Tri-County Independent Living Center, Inc.
Rose Juriga, Executive Director
Akron, Ohio

Western Reserve Independent Living Center
Pam Davies, Executive Director
Warren, Ohio

The Leadership Conference on Civil and Human Rights
Wade Henderson, President and CEO

PolicyLink
Angela Glover Blackwell, Founder and CEO

Transport Workers Union of America, AFL-CIO
James C. Little, President



Testimony of

Dan Koeninger

President of Terry Asphalt Materials, Inc. (on behalf of FP², Inc.)

before the

Transportation and Infrastructure Committee Field Hearing

U.S. House of Representatives

Columbus, Ohio

February 19, 2011

Chairman Mica and Members of the Committee, thank you for the opportunity to testify today before the House Transportation and Infrastructure Committee and to provide ideas as the Committee works on the next surface transportation reauthorization legislation. I am pleased to have this opportunity to talk about pavement preservation issues and their role in maintaining and protecting our nation's investment in its infrastructure.

About Terry Asphalt Materials, Inc. and FP², Inc.

I am Dan Koeninger, President of Terry Asphalt Materials, Inc. Terry Asphalt Materials, Inc. was formed in 2006 by Barrett Industries, stemming from the asset acquisition of the Terry family of companies that originally date back to 1955. Today's company is part of a world-wide team of 1,200 autonomous businesses that provide products and services to build and maintain the transportation infrastructure.

Manufacturing is one of our core strengths; asphalt terminals and emulsion manufacturing operations are strategically located in Hamilton, Ohio and Alma, Michigan and position us to effectively serve the Midwest region. Our product mix includes a full range of conventional, modified and performance graded asphalt binders, cationic and anionic asphalt emulsions, polymer modified sealants and specialty products for every pavement need. Construction Services are a significant part of Terry's history. Performance and innovation are the backbone of our ability to provide complete solutions for our customers.

Our fully integrated organization includes a broad range of construction products and systems to effectively meet the needs of minor rehabilitation and preservation of streets and highways. All of our products and systems are carefully engineered and go through an extensive laboratory design procedure and quality control process to ensure that our customers receive the greatest value on all of their pavement projects.

Today, I am testifying on behalf of FP², Inc. FP², Inc. is a trade association for the pavement preservation industry representing contractors, material suppliers, and equipment manufacturers. Our mission is to promote the importance of protecting and preserving the

huge investment in pavement infrastructure. Our association members include the Asphalt Institute, Asphalt Emulsion Manufacturers Association, National Asphalt Pavement Association, International Grinding and Grooving Association, Asphalt Recycling & Reclaiming Association, and the International Slurry Surfacing Association. Ergon Asphalt and Emulsions, Inc., Western Emulsions, Colas, All States Asphalt, MeadWestvaco, Bergkamp Inc., Viking Construction, and Akzo Nobel Surface Chemistry are also members of the association.

Pavement preservation is the use of cost-effective treatments, practices, and strategies to maintain and improve the condition of our highway pavement infrastructure. Examples of the treatments are asphalt crack sealing, slurry or micro-surfacing, thin and hot-mix asphalt overlay, concrete joint sealing, diamond grinding, and dowel-bar retrofit.

Pavement Preservation

A good highway system is a critical component of a healthy economy and essential for global competitiveness. Our country's economic vitality depends on its highways to move people, goods and services, 24 hours a day, 7 days a week. To serve its purpose, our highway system must be in good physical condition and provide a high degree of connectivity and efficiency.

Preserving our investment in the nation's existing road infrastructure is one of the major issues facing this Committee as it writes the next surface transportation reauthorization bill. According to the U.S. DOT, through 2025, the U.S. faces a \$189 billion shortfall in the cost to maintain urban roadways in their current condition and a \$375 billion shortfall in the cost to make significant improvements to urban roadways.

The United States highway system, valued at over \$1.75 trillion, has been steadily deteriorating forcing a growing need for additional investment in this valuable infrastructure asset. Allocating resources to build and rebuild roadways and bridges is not the solution, however, unless we are serious about preserving and maintaining this fundamental investment.

In 2005, the Federal Highway Administration said that "pavement preservation represents a proactive approach in maintaining our existing highways." Absent clear direction from Congress, too many States have taken a worst-first strategy of maintaining their roads. Historically, they have dedicated resources to the most deteriorated roads that require costly resurfacing, rehabilitation and restoration repairs or total reconstruction. Instead, States should adopt system-wide pavement preservation programs that can extend the service life of highways. This approach is known in the industry as keeping good roads good.

Surface Transportation Reauthorization Bill Proposal

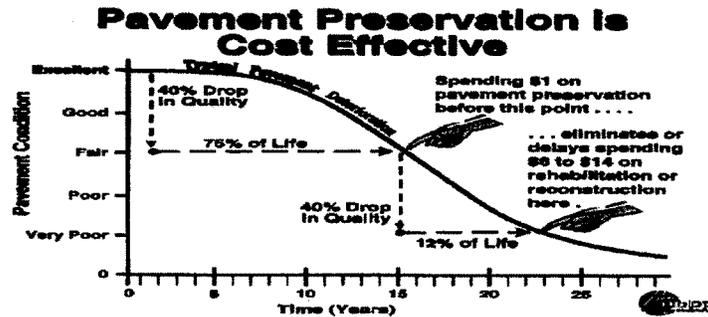
As the Congress considers reauthorization of the surface transportation programs, it is critical that pavement preservation be included in the legislation as a tool available to States and localities. Our proposal explicitly clarifies that States and localities would be

permitted to use their federal-aid highway funds for pavement preservation programs and activities. FHWA has developed a definition for pavement preservation that our industry supports a program employing a network level, long-term strategy that enhances pavement performance by using an integrated, cost-effective set of practices that extend pavement life, improve safety, and meet motorist expectations. Pavement preservation activities cannot result in structural or operational improvements beyond the originally designed strength or traffic capacity of highways and roads except to the extent the improvement occurs as an incidental result of the preservation activity.

There is no revenue cost to this proposal. Each dollar spent on preservation activities will save approximately six to ten dollars in major rehabilitation/ reconstruction costs.

Benefits

Highway pavement preservation provides significant benefits. According to AASHTO's 2009 Rough Roads Ahead report, "maintaining a road in good condition is easier and less expensive than repairing one in poor condition. Costs per lane mile for reconstruction after 25 years can be more than three times the cost of preservation treatments over the same 25 years and can extend the expected service life of the road for another 18 years."



Jobs. On average, pavement preservation projects support approximately 25% more jobs compared with new construction or rehabilitation projects. Pavement preservation projects are uncomplicated, ready to implement, labor-intensive, and can put Americans back to work immediately.

Safety Improvements. Pavement Preservation improves the surface characteristics of the roadway and slows deterioration of roadway surfaces, thereby providing motorists with substantially safer driving conditions.

Increased productivity. Pavement preservation keeps good roads good, thus: decreasing traffic congestion due to poor road conditions; increasing delivery efficiency; and improving the reliability of goods movement. All this ultimately increases the productivity of U.S. industry.

Environmental sustainability. Sustainable pavements last longer, extend the return on original pavement investments, deplete fewer raw materials, and help conserve waste materials, reduce fuel consumption and emissions, facilitate motorists' safe and uninterrupted trips, and reduce overall life-cycle costs.

Motorist impact. Pavement preservation takes significantly less time and resources than rehabilitation. Thus, pavement preservation results in improved mobility, reduced congestion, and safer, smoother, longer lasting pavements for the public.

FP², Inc. looks forward to working with the House Transportation and Infrastructure Committee on the surface transportation reauthorization legislation preserves and maintains the nation's infrastructure investment in our highway network.

Thank you again for the opportunity to testify.