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SUBMITTED TO
THE HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

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Thank you Chairman Oberstar and Ranking Member Mica for the opportunity to submit testimony before the Committee on Transportation and Infrastructure on "Infrastructure Investment: Ensuring an Effective Economic Recovery Program".

New York State is fortunate to have one of the largest and most diversified multimodal transportation systems in the nation, providing essential mobility as evidenced by the following annual statistics:

- New York State's transportation network moves millions of people and tons of freight annually.
- This network includes over 113,741 miles of highways and 17,401 highway bridges over which more than 136.7 billion vehicle miles are driven annually.
- Five hundred thirteen public and private aviation facilities provide service to at least 85.4 million passengers annually.
- Four Port Authorities (NY/NJ, Albany, Oswego, Ogdensburg), Port of Buffalo and numerous private ports handle more than 150 million tons of freight each year.
- There also are 4,824 miles of operated railroads in the State, moving 34.5 million tons of freight originating and terminating in NYS and 76.7 million total tons carried in the state annually.
- About 1.5 million riders use Amtrak's Empire and Adirondack services, and over 8 million rail passengers pass through Penn Station using Amtrak service with an origin or destination within New York State.
- Over 130 public transit operators serve in excess of 7.1 million passengers daily.

Thanks to New York State's extensive support for public transportation, and with the support of the federal government, we have the lowest per capita use of energy for transportation of any state in the nation. Energy consumption per capita for transportation is approximately two-thirds of the national average.

During the recent debate over the need, size and structure of a potential federal economic stimulus and recovery program, the question has been asked whether states, localities and the construction industry can deliver a large infrastructure program quickly and create jobs to spur the economy. The answer from New York is an emphatic 'Yes' – We can, we must, and we are ready. Within a reasonable time after Congress settles on the funding levels and project criteria, New York can advertise, bid and award billions of dollars in transportation infrastructure projects that will not only create thousands of jobs but also provide real transportation benefits to the public. Based on discussions with my colleagues from other state departments of transportation, the rest of the nation is also ready to deliver.

<u>New York is Ready to Deliver Transportation Projects for All Modes</u>

Governor Paterson has our state positioned to quickly implement the federal Economic Recovery Program, particularly the infrastructure components. New York has ready to go projects for all transportation modes, including over $1.8 billion in highway projects, over $1.6 billion in transit projects, and many rail and aviation projects. Beyond the projects already identified by the Governor, we have been actively working with our Metropolitan Planning Organizations and local governments to identify many more local transportation projects that could qualify for Economic Recovery Program funding. Our intent is to implement ready to go infrastructure projects, regardless of who owns the infrastructure. Our cities, towns, and counties will be important participants and our partners.

Ready to go projects have been identified across the state, and more candidates are being added to help ensure every part of the state and every district benefits. Where possible, important projects that are designed, but only lack identified funding, are being accelerated. Ready to go projects include bridge repairs, rehabilitation, replacements; highway pavement restoration and resurfacing; and a broad spectrum of repair and replacement of other transportation infrastructure assets. They also include the purchase of clean fuel buses and other clean fuel vehicles; airport infrastructure improvements; and, projects that improve rail passenger service. Construction projects will add ADA accessible sidewalks and ramps, bike lanes and other transportation improvements that are consistent with long term, smart growth planning. These projects not only create construction and other related jobs, they also improve the condition of our critical transportation infrastructure that the public uses every day and is so essential to our state and national economy.

These projects will help commuters get to work, and help goods reach markets. They will keep bridges and highways open for emergency vehicles, school buses and other vehicles, avoiding costly closures and inefficient detours. Maintaining and expanding highway and transit connections for our elderly and rural populations will allow them access to health care and other essential functions. Improving the accessibility of our facilities will allow our disabled community to fully utilize our transportation system. Simple and low cost activities such as incorporating bike lanes into our highway reconstructions will promote use of this mode for travel and recreational use, both reducing dependence on the automobile and supporting a healthier lifestyle.

We have had continuous contact with our construction industry in New York and they are eager and ready to quickly deliver this Economic Recovery Program as well. We are working with them on expediting our engineering and administrative processes and they are mobilizing to take maximum advantage of additional federal infrastructure investment.

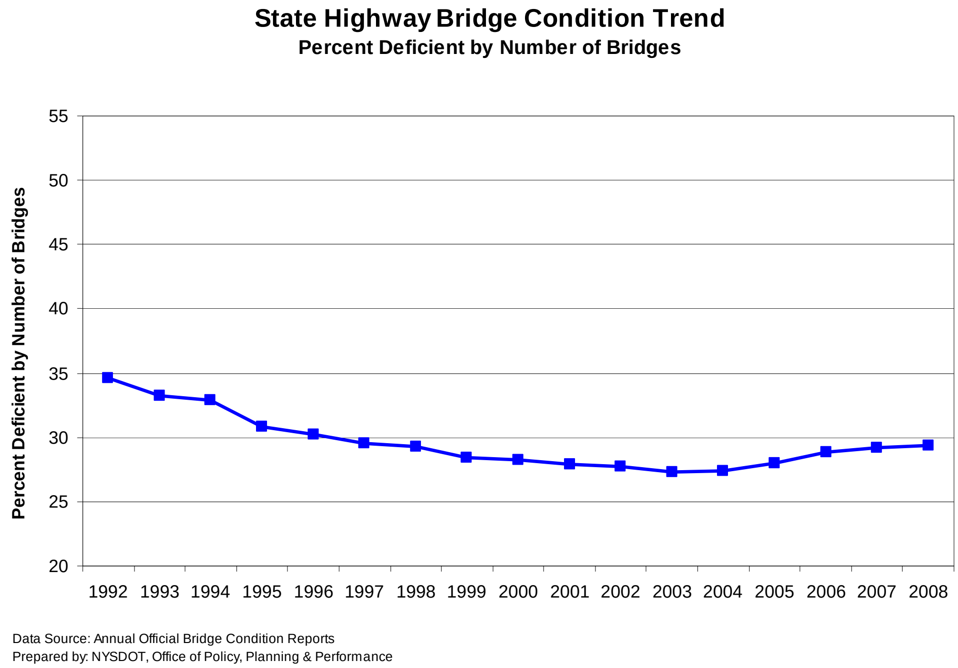
The federal Economic Recovery Program for transportation infrastructure needs to be significant and sustained. The stimulus benefit of this funding will not have a lasting effect on job creation and the economy unless overall federal infrastructure funding levels grow in the future. New York can implement our share of the expected levels of federal stimulus for each mode of transportation now being discussed in Congress. We could implement even more if Congress increases funding levels and provides flexibility to use these funds within reasonable timeframes.

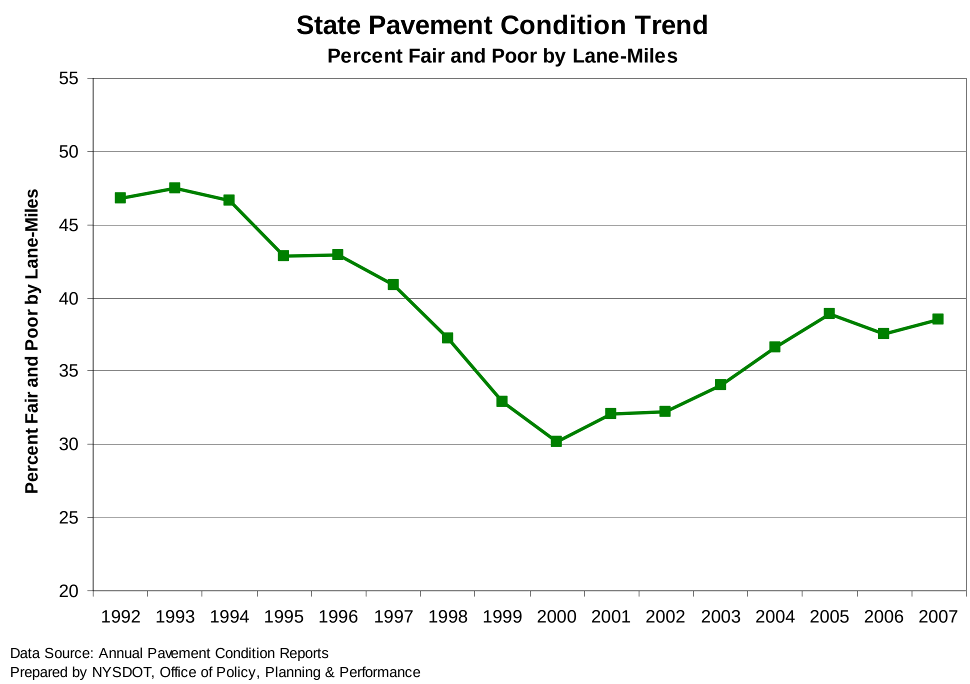
Just as important as the short term stimulus is the need for federal transportation funding to grow significantly in the near future through the enactment of the next multi-year surface transportation bill. SAFETEA-LU reauthorization needs to follow soon after the federal stimulus if we are to retain and increase the transportation jobs created through economic stimulus and continue to improve our transportation system to meet our economic needs. Reauthorization must also include restoring the solvency of both the highway and transit accounts of the Trust Fund.

Need for Transportation Stimulus

Recent reports prepared by AASHTO, APTA and other national organizations, and the findings of the two federally chartered national transportation policy and finance commissions, all cite the need for greater transportation investment to address infrastructure conditions and meet growing transportation needs. The need to increase transportation investment is very evident in New York. A NYSDOT study prepared last year cites the need to more than double investment if we are to have the transportation system we need.

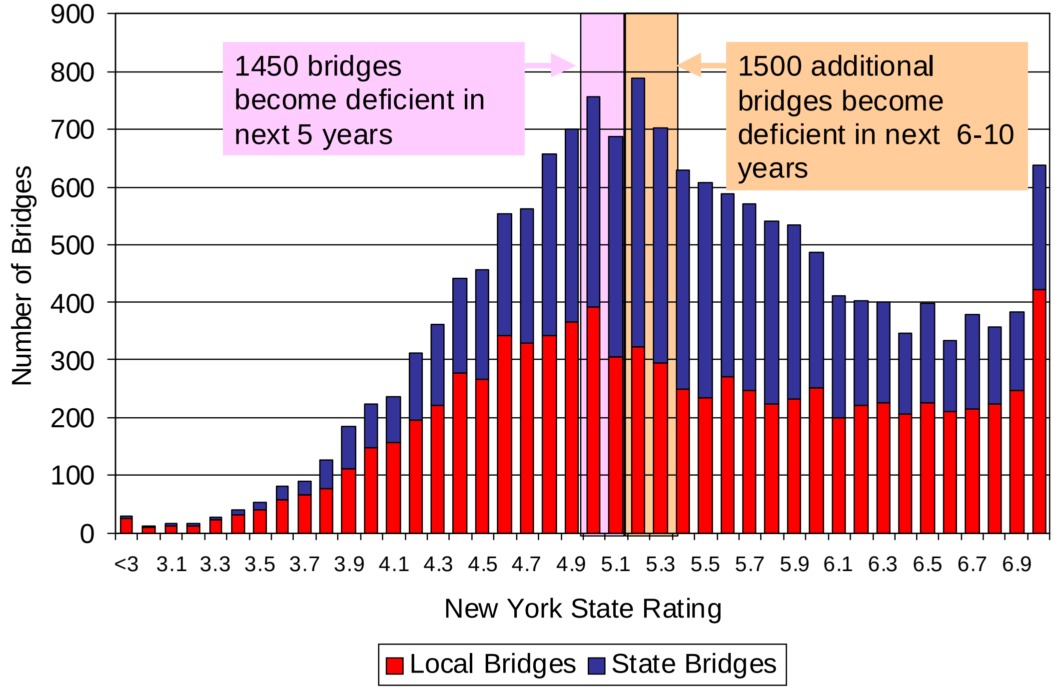
Despite increased federal funding from TEA-21 and SAFETEA-LU, and passage of a state transportation bond act in 2005, the condition of our highway pavements and bridges has been declining over the past several years as shown in the following two graphs.





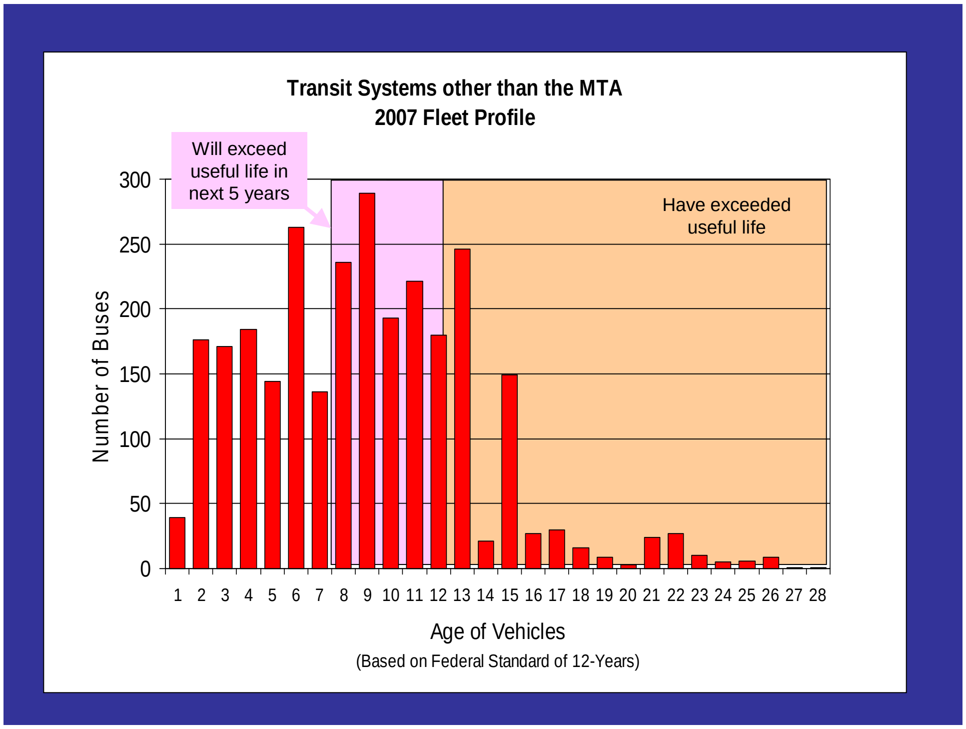
Although a significant portion of our capital program (over 42 percent) is targeted specifically for bridge investments, over the next few years an additional 1,500 bridges will become deficient if additional investments in preventive maintenance are not made (see graph below)**.**

Deficient Bridge Wave



The condition of other transportation assets is also declining, including transit infrastructure components, and transit capacity has not grown to keep pace with current or future demand. While much has been done over the past two decades to address deterioration of New York's Metropolitan Transportation Authority transit system, much more remains to be done to modernize the 105-year-old subway system and the 175-year-old commuter rail network that combined serve over eight and one-half million daily riders. The MTA needs to replace nearly 600 subway cars and 440 commuter rail cars over the next 5 years. Over 3,000 buses will exceed their normal lifespan in that period and dozens of rail-elevated structures will need to be rebuilt or replaced. Additional transit system components such as track, stations and other 'invisible' infrastructure including signals and vent plants will need to be repaired or replaced in the coming years. While over three-fourths of the cost of this transit infrastructure investment has traditionally come from locally derived sources, today's national economic crisis has severely affected the state's ability to generate additional local financial resources to address these immediate needs.

Beyond the needs of the MTA system, nearly 600 transit buses throughout the rest of the state are currently past their useful life and more than 1,100 buses will need to be replaced in the next few years (see transit vehicle profile below for systems other than the MTA).



The Amtrak fleet operating in New York is more than 30 years old and in need of replacement and expansion to accommodate ridership growth**.** Aging track, signals, passenger stations and other rail infrastructure need to be upgraded to improve rail passenger service reliability and speeds.

These needs are not the product of lack of effort, but of escalating needs and costs. That escalation has created a gap between what we know we need to do and what we can afford to do. Evidence of that gap is a backlog of projects. Some of those projects are part of good asset management strategies (such as the preventive maintenance resurfacing of a portion of I-87 between Albany and Quebec); some reflect overdue remedies (such as replacing the structurally deficient Route 60 bridge over Harrison Street in the City of Jamestown in western New York, thereby maintaining a critical truck route); and, some are down payments on growth and community improvements yet to come (such as the Route 112 reconstruction project on Long Island). The Economic Recovery Program can go a long way towards making that backlog of promises into real projects that will bring jobs today and support jobs in the future.

The recent economic downturn and severe state fiscal situation has already constrained New York's ability to sustain its infrastructure investment, similar to many other states. New York's reliance on the financial sector of the economy for a large share of state revenues puts us in greater fiscal distress than most states. The lack of growth in federal transportation resources, particularly for highways, has contributed to the decline in infrastructure conditions. New York received among the lowest percentage increases in federal highway aid in the past two reauthorizations. While the federal Economic Recovery Program now under discussion is expected to provide us with the equivalent of one full additional year of federal highway aid, we hope to continue that progress through the next federal reauthorization. Infrastructure investment can be a powerful economic tool – particularly if it is sustained.

Benefits of Increased Investment

Beyond the often-cited job creation benefit of the proposed federal Economic Recovery Program, there are many other benefits as well. A significant transportation infrastructure stimulus will improve the condition of many transportation assets, such as roads, bridges, transit systems, rail passenger facilities and airports. The increased aid will help states implement asset management approaches to infrastructure investment, thereby combining preventive maintenance and capital reconstruction in a manner that maximizes the useful life of our facilities. More importantly, an asset management approach will reduce the future cost of infrastructure investment as facilities last longer before needing major rehabilitation or replacement. This is one of the areas where the Economic Recovery Program could be particularly beneficial since, all too often, the exigencies of present demand mean that we sacrifice the "prudent steward" investments that can save costs in the long run.

The Economic Recovery Program will enable NYSDOT to add preventive maintenance paving and bridge repair work throughout the state. For example, a concrete arch bridge rehabilitation contract is proposed to make key repairs throughout the Long Island parkway system, improving the structural ratings of many of the historic bridges and extending their useful life. And roads in virtually every county throughout the state will be resurfaced – not only providing a smoother ride but also, and more importantly, extending the time before major reconstruction is required and saving millions of dollars over the long term.

Increased investment now, especially in transit and rail, will also have a lasting environmental benefit, reducing energy use, greenhouse gases, and promoting smart growth. Rail service consumes less energy and reduces congestion and vehicle emissions compared to other modes of long-distance travel. A single intermodal freight train removes as many as 280 trucks from the highway system while using significantly less energy than highway travel. Railroads can move a ton of freight an average of 436 miles with each gallon of fuel. Intercity passenger rail uses 20 percent less energy per passenger mile traveled than automobiles and 17 percent less than airline travel. In addition, implementing transit-supported smart growth strategies can reduce transportation related greenhouse gas by up to 10 percent.

New York's economic recovery list also includes a project to replace the aging fleet of snow plows and other maintenance equipment with clean fuel vehicles. Hundreds of older, diesel maintenance vehicles would be replaced with modern vehicles with low emission engines. Significant investment in these projects through the Economic Recovery Program will jump start the "green" economy and allow us to have the environmental benefits of these projects before the next reauthorization.

The benefits of the federal Economic Recovery Program can accrue not just to the individuals who get the new construction jobs that are created, or those that use the transportation facility or service that is improved. The Economic Recovery Program can also affect a large and diverse group of skills, including small and disadvantaged businesses as well as the engineers who design the projects and inspect construction, and those who supply the transportation industries with material and specialized knowledge. Funds should be available to ensure a diverse workforce that is properly trained and has the skills for creating and maintaining a 21st century transportation system. Attention to this goal would be particularly timely since so many DOTs (including New York), and the industry as a whole are now depending on a workforce of baby-boomers that is nearing retirement. This is the time to invest in a new workforce that can bring new skills such as logistics analysts, energy specialists, climatologists and systems engineers to reinvent the American transportation system.

The economic recovery legislation should provide adequate additional resources for the highway surface transportation and technology training program under Title 23 USC 140(b). It should also ensure full participation by Disadvantaged Business Enterprises, including providing increased bonding assistance for DBEs under Title 23 USC 332(e).

Ensuring Effective Implementation

New York can deliver a significant number of state and local highway, transit, rail and airport projects within the "120 day to award" timeframe being discussed in Congress. If more time and flexibility is provided, more projects can be delivered over a longer period. While it is important to start strongly and immediately inject new capital and employment into our economy within 3 to 6 months, it will also be important increase federal funding over the longer term, in order to have a longer, sustained impact on job creation. More complicated projects that may have longer lasting job creation and public benefits may be 98% ready to go – but with final steps still needed. Providing sufficient time for states and localities to implement these projects later in the economic recovery period will ensure a longer lasting stimulus. Furthermore, providing time for MPOs and localities to advance new projects that can be implemented quickly through the federally required TIP process will allow these entities to obtain the maximum benefit from the Economic Recovery Program.

As Commissioner of a state department of transportation with multimodal transportation funding responsibilities throughout a diverse state such as New York, I would of course like to have as much flexibility as possible in the use of federal economic recovery funding to meet our state and local infrastructure needs. By providing states with the flexibility to use these funds where projects are ready for construction, and avoiding earmarking funds to specific projects, Congress can best ensure that the economic recovery funding will be used quickly to create the most jobs. I also believe that funding an initiative such as the Economic Recovery Program, with short deadlines for use, is best managed by a single statewide entity. If Congress decides to sub-allocate a portion of economic recovery funding and still have a short deadline to use or lose funding, I suggest that the states be given the opportunity to first use any sub-allocated funds within their state before those funds are returned to Washington.

The federal highway program has been around for nearly a century. The processes to deliver highway projects quickly are in place and FHWA has been a close and supportive partner in helping New York and other state DOT's in preparing for quick delivery of economic recovery funding. For example, FHWA has advised the states that one full year of federal highway funding can be added to the TIP and STIP immediately as potential economic recovery funding and still be considered as fiscally constrained. This will avoid the need to eliminate other projects from the TIP and STIP to stay in fiscal balance. We have requested that FHWA provide states with additional flexibility to use federal highway funding for expanded preventive maintenance activities and element specific bridge work, which has the dual benefit of accelerating these important infrastructure improvements and creating jobs faster.

Significant federal economic recovery funding is also needed for transit and rail. The program delivery processes for these modes can take longer than highway projects for a number of reasons. For example, rail projects normally cannot be delivered by a governmental agency alone, and need involvement and agreements with the private railroads. One such project that the state would like to implement is adding a second tracking from Albany to Schenectady, a critical link in the passenger and freight rail network. This project will require contracts with the railroads to install new track and signals, as well as the funding that this Committee is considering.

For transit projects, once FTA funds are apportioned, FTA Regional Offices must issue a grant to eligible recipients for planning, vehicle purchases, facility construction, operations, and other purposes. This process may take a little as three months, but it is not uncommon for grants to be issued in six months to a years' time. To address this issue and to streamline the administrative process, FTA may need to minimize the pre-award scrutiny of grant requests for routine eligible activities. We would suggest that FTA Regional Offices either identify categories of exclusions that can move quickly with minimal review and/or segregate out actions that can proceed independent of more complicated grant actions. Eligible routine activities would include: bus and rolling stock procurement; preventive maintenance; facility and station maintenance and improvements; transit-related equipment; operating assistance; and other similar type activities. Review of these activities and or exclusions would be deferred to the statutory review/audit phase to ensure appropriate accountability over Economic Recovery Program funds.

Several examples of better practice actions that Federal agencies can take to streamline the current process include:

- Permitting "change orders" to existing federal or non-federal contracts;
- Allowing Stimulus funding to be added to projects/procurements that don't currently have federal money in them;
- Permitting Job Order Contractors (JOCs) to be used for some of the maintenance-related work in lieu of new procurements;

- Authorizing the procurement of commodity parts - that would create U.S. manufacturing jobs - for longer-term and/or future projects; and,
- Working with the Department of Labor (DOL) to issue immediate guidance detailing and/or codifying the existing and under utilized flexibility within the DOL labor provisions (13-c).

The states will need the ready participation of the federal transportation agencies to help reduce the time it takes to implement economic recovery projects and thus deliver jobs and transportation benefits to the public faster. These agencies should see themselves as facilitators of the economic recovery investment rather than as just grant managers. It may even be possible for some of the "best practices" developed to expedite economic recovery funding to be integrated into the regular federal transportation programs in the future, and thus provide lasting efficiency.

In New York, we are already working both within our department and with our state control agencies to expedite our state project approval and implementation process to help ensure quick and efficient delivery of economic recovery funding while preserving accountability. We have also created working groups with our state and federal partners to do the same. We have reached out to MPOs and local governments to assist them in being ready to go once the economic recovery bill is signed. As mentioned previously, we are also consulting with the construction industry so that they are ready to bid and construct projects.

We realize and agree that economic recovery funding is intended to supplement, not replace, existing transportation funding. However, with most states having severe fiscal constraints from the national financial crisis and economic slowdown, maintaining past investment levels becomes somewhat problematic. Congress can be sure that the states will make every effort to maximize transportation investment from all available sources. We request that Congress recognize the current fiscal condition of the states and structure any maintenance of effort requirement in a way that is easily reportable and that is not more restrictive than the purpose.

We intend to be fully transparent and accountable in the use of recovery funds by making the lists of projects, the contract awards, the jobs created along with any congressionally requested reports publicly available on the designated recovery websites. In New York, we intend to use a risk-based approach, combining audits and assurance oversight activities, to help ensure accountability of these funds.

The proposed Economic Recovery Program offers the opportunity for the federal government to provide the needed investment in our transportation infrastructure at a time when the states are experiencing serious financial problems. The states and local governments have historically provided the majority of total transportation funding and will still provide the majority of funding even with this significant federal boost for capital projects. New York State has a history of building major transportation projects with state resources; that history dates back to the Erie Canal and the New York City subways and continues through to the legacy of Robert Moses and the construction of the

New York State Thruway in the 1950's. With this Economic Recovery Program, we look forward to adding to the best of those landmark projects.

Summary

In conclusion, New York and the other states, in cooperation with localities and the construction industry, are prepared to deliver a significant, broad and diverse Economic Recovery Program for transportation infrastructure. Diverse in the:

- Balance of transportation modal investments;
- Geography that it impacts;
- Policy goals that it will advance;
- Level of governments and agencies involved, providing equal opportunity for local projects that are ready to go;
- Businesses, large and small, that benefit from additional construction activities; and,
- Labor force that benefits from the federal investment.

We can wisely invest the federal funds that Congress will provide us in ready to go projects that create good jobs and have lasting benefit to the traveling public. We can deliver more projects across all modes if additional federal funding is made available and the corresponding time to use these funds is provided.

New York, and all states, continues to review our internal project delivery processes to address any impediments to quick and efficient implementation of federal economic recovery aid. We are also working with our federal partners to streamline implementation within existing rules.

The Congress can ensure that the Economic Recovery Program maximizes its effectiveness by:

- Providing states with the necessary flexibility consistent with the time constraints that Congress sets for spending these new resources;
- Including time for MPOs and localities to advance new projects through the federally required TIP process so that these entities are better able to benefit from economic recovery funds;
- Providing the ability for states to reallocate funding within the state before it is lost;
- Avoiding earmarking funds for specific projects, to best ensure that the economic recovery funding will be used quickly;
- Encouraging the federal agencies charged with implementing these investment programs to work cooperatively with states to deliver projects and jobs quickly within existing processes as Congress intends. Early cooperation, more than later enforcement, will help get the maximum benefit of the Economic Recovery Program, as will investing the new USDOT Secretary of Transportation with significant authority to move the program;
- Quickly following any significant Economic Recovery Program with a sustained increase in transportation infrastructure investment through surface transportation

With these few simple steps and a strong determination to invest, Congress can ensure an effective Economic Recovery Program that has lasting benefits to the transportation system and the economy.

Thank you for the opportunity to present this statement.