

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 utmost 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.