

**STATEMENT OF  
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**BEFORE THE**

**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE  
UNITED STATES HOUSE OF REPRESENTATIVES**

**HEARING ON**

**“IMPROVING AND REFORMING OUR NATION’S SURFACE  
TRANSPORTATION PROGRAMS: CENTRAL FLORIDA FIELD HEARING”**

**MARCH 14, 2011**

Chairman Mica and Members of the Committee, thank you for the invitation and the opportunity to discuss ways to improve and reform our surface transportation programs. My name is Ananth Prasad and I am the Assistant Secretary for Engineering and Operations at the Florida Department of Transportation.

First, on behalf of the State of Florida, I want to express our appreciation to the Members of the Committee for your commitment to improving our nation’s surface transportation law and for your willingness to listen to ideas from the interested stakeholders across the country. I believe these hearings are a valuable service you have provided to the taxpayers all across America.

We at the Florida Department of Transportation work every day to provide a transportation system that helps move people and goods across the state and nation, boosts economic growth and prosperity, all while improving Floridians’ quality of life. In my testimony this morning I want to discuss the following points:

- The increase in the rate of return for donor states.
- The reduction of number of federal transportation programs so that we can focus limited money and resources on the programs that work and are effective.
- The reduction of duplicative, unnecessary, and burdensome regulations which needlessly increase costs and reduce output.
- The streamlining of project delivery by increasing the flexibility afforded to states in order to deliver projects on-time and under budget.
- The expansion of private sector investment and other creative financing alternatives which will allow federal, state, and local governments to do more with less.

- The adoption of performance and accountability measures that truly reflect the cost, benefit, and return to the taxpayer.

Building and investing in our infrastructure is fundamental to our state's and nation's economic future and growth. The faster we can move people and goods to their destination, the faster our economy will grow and the more prosperous our nation will be. But with scarce resources and dollars, we must be vigilant to ensure that we invest only where taxpayers' money will be put to good use on critically-needed projects that will ultimately grow our economy.

### **Maximizing the rate of return**

Florida is a donor state and historically has received \$.86 on every dollar we send to Washington. This has to change. The goal of the new federal reauthorization law should be one that is formula-driven which provides flexibility so that donor states can achieve a higher rate of return without negatively impacting on what can be delivered.

Furthermore, earmark funds inactive for a period of five years should be returned back to the state. In Florida, for example, this would mean another \$100 million and a major capacity project that otherwise would not be funded.

### **Reducing number of Federal Surface Transportation Programs.**

Over the years, Congress has asked state departments of transportation to do more things with fewer resources. With the downturn in the economy, it is time to tighten our belts and focus on what we do best. This is exactly what we're doing here in Florida. Instead of funding more than 100 individual programs in the next transportation bill, we should focus on a few core programs which will grow our economy. We must give serious consideration to whether—when resources and dollars are at a premium—spending money on sidewalks, bike trails, beautification, and other projects like this is the most prudent use of taxpayer money.

### **Cutting Government Red Tape.**

Unnecessary federal mandates and regulations stifle efficiencies, force states to spend transportation dollars on unrelated initiatives, and delay critical transportation construction, maintenance, and improvements. We must eliminate mandates and regulations that hinder investment—from both public and private sectors—in essential transportation projects.

Mr. Chairman, I want to mention a specific example. The Davis-Bacon Act requires states to pay prevailing wages on public works projects. However, in nearly every category, Florida meets or exceeds the prevailing wage because the market requires us to pay a higher wage to compete for skilled workers. Furthermore, the Davis-Bacon Act does not contemplate any flexibility as to the type of work, duration of work, or the dollar amount of the contract (which is currently \$2,000). But, the real “cost” of Davis-Bacon is

often greater than the rate of pay. It is the mountains of paperwork and compliance costs imposed on state DOTs like FDOT. If the new transportation bill were written to allow DOTs like Florida to certify that our payrolls meet or exceed Davis-Bacon prevailing wage requirements, we could provide more services at a lower price. The bottom line is that mandates such as Davis-Bacon take away precious resources which could be otherwise dedicated to building new roads and bridges and improving our aging infrastructure.

### **Flexibility and Streamlining the Project Delivery Process.**

A streamlined delivery of transportation improvements will result in immediate cost savings and a significant, long-term reduction in the cost of moving goods and people across the state of Florida and, indeed, our nation.

Mr. Chairman, we should allow states, after certification by FHWA, to substitute state procedures for:

- Environmental review and compliance on non-interstate federal projects;
- Acquisition and relocation; and
- Other program areas

when the states can demonstrate that their laws, procedures, and practice safeguards meet or exceed federal standards and serve the interest of the public.

Federal oversight should evolve to a flexible role so that all states are not judged with the same brush. We should reward states for their uniqueness and creativity. Trust but verify!

At the end of the day, we at the state level are held accountable for our decisions that we make each and every day.

### **Increasing Private Sector Investment and Financing Alternatives.**

Increasing the gas tax is not an option. However, as we all know, the Highway Trust Fund is increasingly being asked to fund more programs with fewer dollars. This is ultimately unsustainable. Therefore, we must all work together to bridge this gap by creating innovative financing programs that will provide consistent funding levels that will meet our transportation needs into the future.

Florida currently has 8 Public-Private Partnerships (P3s) underway valued at \$3 billion. P3s allow us to finance larger projects by leveraging scarce dollars and partnering with private investors. It allows us to transfer or share risks in construction delays or cost overruns, thereby delivering the best value to the taxpayer. The I-595 project, the Port of Miami Tunnel project, and the I-75 iRox project are some great examples of using P3s to deliver massive infrastructure improvement years ahead of what traditional techniques would have done.

Florida has shown through partnering with the private sector, we can afford better transportation options, provide the projects faster, and deliver them under budget. Make no mistake: every financing option must be on the table when drafting the reauthorization bill.

Specifically, Mr. Chairman, we must have a national plan on tolling and be afforded the flexibility to toll new capacity on the interstate and major bridges on federal highways in order to stretch the traditional funding that much further. As you know, we have quite a bit of experience in building and operating toll roads by having the fourth largest turnpike authority in the country. Right here on I-4 through Orlando, we would be able to greatly reduce congestion by adding express lanes while at the same time making significant operational improvements to the existing general purpose lanes. Furthermore, tolling is not just a vital source of new revenue. It also is an excellent tool for managing congestion and capacity demands as shown on the I-95 Express project in Miami-Dade County.

One final point on funding, let's expand the Special Experimental Projects program for state to pursue privatization opportunities where it makes sense. SEP-14 and SEP-15 have been very successful for states to try new and innovative practices which now have become standard operating practice in those states. Examples include Design-Build and Cost plus Time contract delivery techniques.

### **Accountability and Performance.**

The federal program must evolve from the prescriptive nature to one that is performance driven. Performance measures must show a positive return on our investment. In Florida, that is what we are doing and why we are returning nearly \$5 for every dollar invested in transportation.

### **CONCLUSION.**

Thank you Mr. Chairman for your leadership and your interest in identifying ways to improve and reform our Nation's transportation system. On behalf of the Florida Department of Transportation, we appreciate that you and the Members of your Committee held this hearing. And we stand ready to work with you and the Members of the Committee to develop new legislation that provides a roadmap to the future. Thank you for the opportunity to appear before you all this morning and I look forward to answering your questions.