

**Testimony of William G. Cox  
President  
Corman Construction, Inc**

**Improving and Reforming the Nation's  
Surface Transportation Programs**

**Subcommittee on Highways and Transit  
Committee on Transportation and Infrastructure**

**March 30, 2011**

Chairman Duncan, Mr. DeFazio and members of the Highways and Transit Subcommittee, my name is Bill Cox and I am the president of Corman Construction, Inc.—a heavy civil construction firm based in Annapolis Junction, Maryland. I am also the chairman of the American Road and Transportation Builders Association (ARTBA).

Corman Construction is one of the Mid-Atlantic's largest contractors. We specialize in highway construction, bridge construction and repair, underground utility work, tunnel construction, marine construction and more. Some of our more prominent projects in this area include the Woodrow Wilson Bridge, rehabilitation of the Frederick Douglas Bridge over the Anacostia, and the Intercounty Connector in Maryland. We also worked on the Capitol Visitor Center.

ARTBA members come from all aspects of the intermodal transportation design, safety, and construction sectors. As a result, our association brings together contractors, engineers, product suppliers, equipment manufacturers, public officials and financial experts to advance a singular mission: improving the nation's transportation infrastructure network.

We commend the subcommittee for convening today's hearing. We also greatly appreciate the ongoing leadership of this entire Committee in continuing to push for action on a multi-year reauthorization of the federal surface transportation program. While we are certainly pleased the Obama Administration and key senators have recently gotten behind the need to enact a six-year highway and public transportation reauthorization bill, the bipartisan leadership of this Committee has been pursuing this goal since early 2009.

**The Time to Act is Now**

One of the most attractive benefits of major public investments in transportation infrastructure is they create tangible capital assets that are long-lived. In addition to creating jobs and generating tax revenues throughout the economy during the

construction cycle, these investments provide infrastructure improvements that foster and facilitate continuing economic growth over many years beyond the initial investment.

The greatest long-term economic returns can often be found in strategic investments that facilitate business activity, especially in industries that depend on the transportation network. Infrastructure investments aimed at reducing traffic congestion or providing faster point-to-point travel, for example, can increase productivity by reducing travel time.

Given the recent economic recession and the challenges our country continues to face in terms of unemployment, particularly in the construction sector, passing a robust federal surface transportation bill will help sustain and create jobs and support future economic growth.

Current transportation infrastructure investments generate over \$380 billion in annual economic activity for the nation – which is nearly 3 percent of U.S. Gross Domestic Product. This activity supports nearly 3.4 million jobs throughout the U.S. economy with a payroll of over \$159.3 billion. This includes approximately 1.7 million direct jobs for transportation construction workers and supplier firms. As those 1.7 million people spend their wages by going out to restaurants, buying cars or trucks, purchasing groceries or consuming housing, their spending supports an additional 1.7 million jobs in other sectors of the U.S. economy.

But this is only the tip of the iceberg. Even more important are the jobs and economic activity that could not exist without our nation's modern transportation infrastructure. Every manufacturing plant in the U.S., every retail store, every plumber and service worker, every trucker and millions of other jobs depend on highways, airports and railroads for inputs and to deliver products to customers. If we let our transportation system decay, American workers across the economy will be hurt. There are approximately 78.6 million American jobs in just tourism, manufacturing, transportation and warehousing, agriculture, general construction, mining, retailing and wholesaling alone that are dependent on the work done by the U.S. transportation construction industry. These dependent industries provide a total payroll in excess of \$2.8 trillion.

The U.S. is experiencing intense competition from emerging economies around the world. Our transportation infrastructure is critical to our competitiveness. We have started with a great advantage – the investment America made in the Interstate Highways. But we are losing that advantage as China, India, Europe, are all investing more in new capacity than we are because they recognize the importance of transportation infrastructure to their economic competitiveness.

In China, infrastructure spending has increased an average of 20 percent each year over the last two decades. China, which is roughly the same size as the continental U.S., has built over 30,000 miles of new expressways in the last ten years. Their

highway system is expected to extend over 53,000 miles by 2020, surpassing the current 47,000 miles of Interstate in the United States.<sup>1</sup>

One of the most powerful things Congress can do to support existing jobs, create new jobs and strengthen the foundation of U.S. economic competitiveness is to pass a robust multi-year reauthorization of the federal highway and transit programs in 2011.

### **Investment vs. Spending**

The financial requirements to rebuild and improve the nation's highway, bridge and public transportation systems are well documented. In 2008, the congressionally-mandated National Surface Transportation Policy and Revenue Study Commission estimated total unmet annual surface transportation needs were in the range of \$225 to \$340 billion. When compared with current revenue projections for the Highway Trust Fund, these needs are staggering. It also does not take a political scientist to understand the current climate that exists in Washington, D.C., and state legislatures across the country when it comes to public spending.

Mr. Chairman, I have spent more than 40 years in the transportation construction industry where the dominant method of project award is by competition to the lowest bidder. As such, I am keenly aware of the bottom line and the need to control costs. At the same time, I know that without strategic investments in capital and personnel, my company will not grow or be prepared to respond to future market conditions.

That simple, but incredibly important, truth seems to be overlooked in many of the discussions about the need to cut federal spending. Notwithstanding the political rhetoric on both sides, there is a difference between investment and spending in the business world and this is certainly true about the federal transportation programs. Daunting needs and revenue assessments should not mask the reality that we cannot have a growing economy and a failing surface transportation infrastructure. Furthermore, the longer the status quo persists, the further performance of our highway and public transportation facilities will deteriorate and the more expensive they will become to fix.

To that end, the most important thing members of Congress can do at this stage is to jumpstart the surface transportation reauthorization debate as soon as possible with tangible legislation. As this process moves forward, we urge all parties to focus on achieving clearly defined national transportation goals and to keep an open mind about the investment levels necessary to meet long-term objectives.

While increased investment from all levels of government is necessary to help boost the performance of the nation's surface transportation network, there are also substantial opportunities to deliver transportation improvements through federal policy reforms.

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<sup>1</sup> Wall Street Journal, "China Bets Highway Will Drive Its Growth," November 11, 2008.

## **Accelerating Project Review and Delivery**

Past surface transportation reauthorization legislation has attempted to expedite the project review and approval process, but according to the U.S. Government Accountability Office (GAO) it still typically takes between nine and 19 years to plan, gain approval of, and construct a new major federally-funded highway project. Simply put, despite past efforts, projects are still not getting built in a timely manner.

While the project review and approval process can often involve dozens of overlapping state and federal laws, the area most in need of reform is the National Environmental Policy Act (NEPA), a law that is triggered any time an action by the federal government will result in an "environmental impact." For transportation projects, NEPA is activated when federal funds are used to support a project. NEPA was never meant to be a statute that enabled delay, but rather a vehicle to promote balance. While the centerpiece of that balancing is the environmental impacts, other factors must be considered as well, such as the economic, safety, and mobility needs of the affected area and how the project or any identified alternative will address those needs.

One practical effect of delays caused by NEPA is state departments of transportation building in extended time periods to their planning schedules for environmental reviews, simply assuming there will be delay. Planning for delays, however, is not a proper strategy. The current level of delay is simply not acceptable. Projects should not spend a decade or more in regulatory limbo. To remedy this, ARTBA suggests a number of fundamental changes to the project review and approval process.

First, the U.S. Department of Transportation (DOT) should be given the authority to require participating agencies to adhere to a set schedule in the approval of transportation projects. This type of true "lead agency" status will allow for a more predictable schedule in the delivery process as opposed to waiting for each agency to complete "their portion" at a much slower pace. Specifically, a hard time limit of 180 days should be set for all permits and other non-DOT controlled issues for project approval.

Another area for examination is the existing duplication between reviews done in the NEPA and transportation planning processes. One idea, originally proposed by the Bush Administration in 2003, would allow any study used during the transportation planning process to be valid for the purpose of fulfilling subsequent NEPA requirements (and vice-versa) as long as the information is still valid. This simple, yet effective concept should be pursued as there is nothing to be gained by redoing a study simply because it is demanded by an additional regulatory regime if the original information is still valid.

The Committee should also consider allowing states to assume responsibility for the NEPA process. This concept was originally started as a pilot program for five states in the Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) and should be allowed as an option for all states. SAFETEA-LU

also promoted the delegation of certain categorical exclusions (CEs), or those federal actions with the least amount of environmental impacts to all states. There should be an examination of the types of CEs states are allowed to assume, and if possible, more should be added. Delegation allows states to use practices suited to their individual environmental and transportation needs which may not be applicable in other areas of the country.

A major area of NEPA also ripe for reform is the required analysis of alternatives to the proposed transportation project. This process should be limited only to those alternatives which are economically and technically feasible when compared to the project in question. In the case of transportation improvement projects, for instance, planners are often forced to consider alternatives that are not realistic for the affected area or the transportation goal that is being pursued. Further, the process should also take into account elements not currently considered by NEPA, such as the environmental and public health benefits of the project which would be forfeited by not proceeding.

There are opportunities outside of the NEPA process to accelerate project delivery. First, there must be improvement made in utility relocation practices. Location and relocation of utilities continues to be one of the leading causes of delays for highway and bridge construction projects, regardless of size. Utilities located in highway right of way are often not accurately documented and mapped, leading to potentially dangerous circumstances for workers, damage to facilities, disruption of service to customers, significant delays to construction activities and delays in benefits being provided to highway users. Standards establishing responsibilities for utilities in highway right of way must be developed in order to establish a sense of uniformity to this process.

The project review and approval process must be reformed in order to more effectively deal with the transportation needs and congestion issues facing the nation. If handled appropriately, improving project delivery would increase the efficiency of the transportation network, and ensure the traveling public receives the full benefit of the user fee-financed transportation system. We are not proposing changes that are outcome determinative; we are merely identifying process improvements that would generate quality decisions in a more timely manner.

For over a decade, reform to the environmental review process has been a top ARTBA priority. ARTBA looks forward to continuing its long tradition of working with the House in order to address federal transportation policy issues in a manner which balances needed environmental protections with the efficient delivery of all modes of transportation improvements vital to the nation's public health and safety.

### **Using Innovation to Enhance Transportation Policy**

The federal highway and public transportation programs have been incredibly successful. In fact, the Brookings Institution cites the U.S.'s highway system as one of the top 10 accomplishments of the federal government. This impressive achievement

notwithstanding, past success cannot serve as a rationalization for the status quo. As is the case in the business world, elected officials should constantly be looking for new and innovative opportunities to deliver services.

The increasing involvement of the private sector in project financing and delivery over the last 20 years has been a welcome and much-needed addition to the overall effort to improve the nation's surface transportation network. Public-private partnerships (P3s) offer not only a source of supplementary resources for transportation facilities, but also the entrepreneurial power of the private sector to improve efficiency in managing these endeavors.

ARTBA members have decades of experience across the broad range of transportation P3s. In fact, the ARTBA P3 Division has been on the cutting edge in promoting these types of opportunities since its inception more than 20 years ago. ARTBA remains an ardent supporter of P3s and federal policy reforms to increase their role in supplementing core public sector transportation investments. However, the potential contribution of P3s to the nation's overall surface transportation challenges must be considered in the proper context.

Since 1989, 24 states have worked with the private sector to build at least 96 transportation projects valued at more than \$54 billion. Sixty-five percent of these projects have come in eight states: Florida, California, Texas, Colorado, Virginia, Minnesota, North Carolina and South Carolina.

Unfortunately, 26 states have not yet taken advantage of a P3 process for transportation improvements. In fact, almost half of the states have not yet approved P3 enabling legislation and, therefore, are not able to take advantage of these opportunities.

P3 projects are certainly a key component of the total solution to the nation's transportation infrastructure challenge, but they also currently have limited applications. To further encourage the use of transportation P3s in the next surface transportation reauthorization bill, ARTBA recommends that Congress:

- Enhance TIFIA—The Transportation Infrastructure Finance & Innovation Act has leveraged \$7.9 billion of federal credit assistance to support \$29 billion of total project investment by all parties. This is a return of more than three-to-one and even greater progress could be made by increasing the resources allocated to the TIFIA program.
- Expand PABs—Private Activity Bonds to support highway and intermodal activities have generated great interest and activity since this eligibility was established in 2005. The current authorization expires once the \$15 billion cap is reached and this authorization should be extended to allow further use of PABs to support infrastructure improvements.
- Restore Build America Bonds—The successful Build America Bonds (BAB) program has lapsed. The continuing state budget difficulties and the record of

BAB support for transportation improvements make a compelling case for renewal.

- Eliminate Restrictions on Tolling—States should be given maximum flexibility to impose tolls to generate revenues from new and existing roadways, including the Interstate Highway System, to support needed infrastructure improvements. Expanded opportunities to utilize tolling, however, should include a specific prohibition against using the generated revenues for non-transportation activities.
- Evaluate Infrastructure Bank Proposals—The concept of a national infrastructure bank to provide either direct grants or credit assistance/loan guarantees for large nationally or regionally significant transportation projects would fill a clear void in federal transportation policy. As such, an Infrastructure Bank dedicated exclusively to advancing surface transportation improvements deserves serious consideration during the reauthorization debate.
- Educate Public Officials—The reauthorization bill should include enhanced strategies to encourage state and local officials to take advantage of opportunities to utilize P3s to advance transportation projects. They could range from technical assistance on individual projects to enacting state P3 enabling legislation.

While the potential of P3 projects is significant, other policy reforms would also capitalize on innovation to improve the effectiveness of the federal surface transportation program. Current Federal Highway Administration regulations can serve as a deterrent to utilizing the latest technologies and products to build projects better and faster. To rectify this situation, we encourage you to include a provision in your reauthorization proposal that allows the use of patented or proprietary products if a state transportation department certifies the item will contribute to the achievement of specific performance goals and that no other equally suitable product exists.

New and innovative revenue opportunities should also be considered to help address short- and long-term financial obstacles facing the Highway Trust Fund. We support the proposal from the Obama Administration to allocate modest resources for the study of a vehicle miles traveled user fee or some other comparable mechanism to ensure the trust fund can respond the nation's transportation challenges in the future.

More immediately, the reintroduction of a sales tax on new motor vehicle sales is one user fee option that could help boost Highway Trust Fund revenues. Recent analysis by the ARTBA economics team shows that an excise tax on the sale of new motor vehicles would not impact the sale of new cars or light trucks. In fact, during the life of SAFETEA-LU, a one percent sales tax on new cars and light trucks would have raised an estimated \$20.9 billion for the Highway Trust Fund, or roughly the equivalent of a two-cent increase in the federal motor fuel tax rate.

Impediments to financing transportation improvements will not get any easier over time and it is incumbent on all parties to explore traditional and innovative approaches to fulfill this core function of the federal government.

## Program Reforms

ARTBA supports the goal of consolidating the myriad of federal highway and public transportation programs into a more efficient structure that is aligned directly with achieving national priorities and clear federal responsibilities. While much of this discussion to date has revolved around the need to reduce the number of existing programs, we believe the overriding goal should be to improve the outcome of these activities. Certainly eliminating or reducing overlapping programs is appropriate, but we should also attempt to fill the clear void in surface transportation policy with respect to goods movement.

ARTBA believes the next surface transportation reauthorization should establish a new, federally-led program to develop the transportation infrastructure capacity necessary to facilitate U.S. freight flows. Inefficient goods movement hinders the competitiveness of U.S. firms in the global marketplace and the overall strength of our economy. States cannot be expected to address this dilemma on their own. These challenges will only grow in the future as U.S. freight shipments are projected to grow dramatically over the next 20 years. ARTBA's proposed "Critical Commerce Corridors (3C) Program" would supplement, not supplant, existing programs by developing a national strategy to facilitate goods movement and providing the resources necessary to implement.

We believe that the 3C system, which would include truck-only lanes, multi-modal transfer centers, new multi-state corridors and "last mile" connections with the nation's sea and water ports, rail hubs and airports, should be funded with a new dedicated federal freight-related user fee/tax outside of current Highway Trust Fund revenues. The concept of user fee financing for transportation programs has proven to be an effective and stable source of revenue for long-term projects. We should build on this successful model in developing a national freight program.

ARTBA has endeavored to develop a viable new revenue source to support a goods movement program. ARTBA engaged PricewaterhouseCoopers LLP (PwC) National Economics & Statistics Group to delineate the structure for such a tax and analyze its budgetary impact. The proposed new federal excise tax would be assessed on the value of transportation services provided by trucks with gross vehicle weight ratings (GVWRs) of more than 26,000 pounds (DOT Class 7 or Class 8 vehicles).

The "Highway Transportation Services Tax" (HTS) would be levied in addition to the federal Highway Trust Fund taxes currently paid by these commercial vehicles. It would be structured similarly to the current excise tax on air cargo services (see Internal Revenue Code Sec. 4271).

Another key component to improving the outcome of the federal highway and public transportation programs is instituting new measures to assure accountability in the use of federal funds in order to achieve specific performance goals. One of the hurdles facing all levels of government is the lack of faith the American people have in public

institutions. Ensuring transparency and accountability would help in restoring public faith in the stewardship of these funds.

Similarly, the federal surface transportation program should be reformed to ensure highway and public transportation investments achieve national objectives and demonstrate the clear value delivered to the American public. To achieve this goal, a process that integrates the development of performance metrics, implementation strategies, and accountability for progress with federal highway and public transportation investments should be established in the next reauthorization bill.

### **Conclusion**

Mr. Chairman, members of the subcommittee, again I commend you for convening today's hearing and thank you for inviting the American Road & Transportation Builders Association to participate.

The nation's economic recovery is fragile and its surface transportation network is at a crossroads. While there are some that suggest we should delay action on a multi-year surface transportation bill until some unspecified point in the future, the reality is that kicking the can down the road will only exacerbate the urgent economic and infrastructure issues facing the nation.

We certainly recognize writing and enacting a multi-year reauthorization bill will not be easy. The most important thing members of this Committee can do at this stage, however, is to produce legislation and move forward. Until the relevant committees in the House and Senate start this process, there will be no opportunity to provide the long-term certainty needed to implement state transportation improvement plans.

The commitment of this Committee to producing a long-term transportation bill is clear and we pledge to work with you to achieve this goal.

I would be happy to answer any questions.

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE  
*Truth in Testimony Disclosure*

Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name:

Bill Cox

(2) Other than yourself, name of entity you are representing:

American Road & Transportation Builders Association

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

YES

If yes, please provide the information requested below and attach your curriculum vitae.

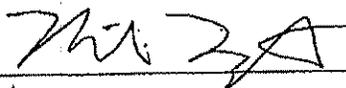
NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

FHWA - Workzone Clearing House - \$570,642

FHWA - Local Technical Assistance Program - \$451,935

Signature



Date

3/24/11

## **BILL COX BIO**

Serving as president of Corman Construction, Inc. for the past 22 years, Bill Cox has led the company to its position as a major heavy civil contractor in the Mid-Atlantic region. This growth has been achieved by adherence to "best in class" corporate principles and core values. The company is known for its commitment to innovative practices, project partnering, and ethical excellence. In recent years he has supported the company's move into the Design Build and Best Value project delivery arena. Corman has been successful in this new approach to winning projects as a result of its innovative ideas, and "best in class" practices.

Bill started his career with Corman over 42 years ago and progressed through Project Management and Estimating before assuming the role as President. Corman is a heavy civil contractor in the Mid-Atlantic Region focusing on all types of transportation, infrastructure and marine construction.

Bill holds a BS in Chemical Engineering from Princeton University and a MBA from the Kellogg School, Northwestern University.

Locally in Maryland, Bill became a Board Member for the Maryland Highway Contractors Association (MHCA, now MTBMA) in 1991, and progressed to Vice President in 1998 and President in 1999. He also served as the Treasurer from 2000-2008. During his tenure, he helped initiate a leadership council among the industry and SHA to partner solutions for better efficiency.

In 2000, Bill began service work with the American Road and Transportation Builders Association (ARTBA) as a Board Member and in 2008 was elected to the Second Vice Chairman Position. In October 2010, he was elected Chairman of the association. He is a founding member of the "Transportation Makes America Work" campaign, an effort aimed at building public and political support for increased federal surface transportation investment.

Known as a forward-thinking executive, Bill has provided leadership and vision to the transportation industry in the Mid-Atlantic area, as well as the national level.