Transportation for America

Testimony of John Robert Smith, Chairman

"Surface Transportation Reauthorization: Local Perspectives on Moving America"

U.S. Senate Committee on Commerce, Science, & Transportation

Subcommittee on Surface Transportation and Merchant Marine

Infrastructure, Safety, and Security

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Chairman Blumenthal, Ranking Member Blunt, and members of the Subcommittee, thank you for the opportunity to testify today. I am John Robert Smith, Chairman of Transportation for America, an alliance of elected, business, and civic leaders from communities across the country, united to ensure that states and the federal government step up to invest in smart, locally-driven transportation solutions. We believe that these are the investments that hold the key to the economic competitiveness of cities, towns, and suburbs, and thus to the future economic prosperity of the nation.

I greatly appreciate the Subcommittee's invitation to testify on the important topic of surface transportation reauthorization. With the expiration of MAP-21 in a few short months, the members of this Subcommittee, along with your colleagues in both the Senate and the House, have the opportunity to reinvigorate the federal transportation program in ways that will boost today's economy and ensure future prosperity for all Americans. Based on the discussions we have had with local leaders in cities and towns across the country, two key lessons have emerged loud and clear. First, local governments are working hard to find innovative solutions to their transportation challenges and in many cases are raising their own revenues to help meet the demand. Second, these communities need a strong and reliable federal partner if they are to succeed. Unfortunately, existing federal programs are not doing enough to support local efforts to maintain their existing infrastructure and prepare for the future, and often leave local governments out of the process altogether.

1. Local Leaders Are Developing Innovative Transportation Solutions that Benefit the Economy and Improve Quality of Life

Transportation has a direct effect on the strength of local economies and the quality of people's daily lives. Local leaders around the country understand that in order to remain competitive their city or county has to offer connectivity and mobility for residents and visitors, as well as for goods and materials. Workers need affordable and reliable connections to jobs; businesses need dependable and efficient ways to ship and receive goods. Americans of all generations, from college students to seniors, are looking for more transportation options to get them where they need to go.

Increasingly, businesses are seeking to locate in places that can provide a high quality of life for both executives and employees. Young college graduates are looking for places to settle where they can have transportation options other than driving. A recent poll released by the Rockefeller Foundation and Transportation for America found that more than half (54%) of millennials surveyed say they would consider moving to another city if it had more and better options for getting around, and 66 percent say that access to high quality transportation is one of the top three criteria in deciding where to live next. The mayors and local leaders with whom I have spoken agree that these are the factors that lead to economic success – residents who want to remain, businesses and young people who want to move in. They further agree that a multimodal transportation network – including roads, transit, passenger rail, and bicycle and pedestrian facilities - is a key component of their ability to retain and attract residents.

I have seen this first-hand: before I came to Transportation for America, I was the Republican Mayor of my hometown of Meridian, Mississippi, for sixteen years and a member of the Amtrak Board of Directors from 1998-2003 (Chairman from 2002-2003). I have spent much of my career finding innovative ways to fund and support transportation improvements. I led the effort to turn our historic Meridian Union Station into the South's first multimodal transportation center, which proved to be a catalyst for transforming our downtown, increasing public transportation ridership, and helping to generate millions of dollars in private economic development in the surrounding neighborhoods. Historic buildings were renovated; people came back downtown to both live and work, and also for entertainment. Our city center was revived, not only for residents but for those that lived in the surrounding 11-county region. The city's investment of $1 million leveraged an additional $5 million in federal, state, and private sector dollars, which resulted in $135 million in economic development.

Meridian may have been among the first, but it is not the only community to have used its rail station as a focal point for economic development. Mayor Chris Koos of the Town of Normal, Illinois spearheaded the construction of a multimodal transportation center as the anchor for redevelopment of an entire neighborhood, Uptown Normal, and creation of a city center. Using a federal TIGER grant, local taxes, and tax-increment financing, the city built a new city hall and multimodal center to replace an aging Amtrak station, along with other infrastructure needed to attract private development. As a result, Uptown Normal is now a vibrant neighborhood with residential, commercial, and entertainment opportunities. Thus far, investment in the transportation center has generated $220 million of economic development in the Uptown Normal district, including two new hotels.

Transportation is not one-size-fits-all, and other local leaders have developed different types of transportation projects to fit their local needs. The Nashville metropolitan region is facing some of the worst congestion in the Southeast, and its population is projected to continue growing at a rapid pace. Rather than waiting until the region reaches gridlock and commuters reach the boiling point, Nashville – with strong leadership from the business community and the Nashville Chamber of Commerce – is investing in greater transportation options for the region. Specifically, Nashville is building bus rapid transit (BRT) through the heart of the city to connect riders with the numerous employers in the area. The BRT system will enable more people to move into this busy corridor without increasing traffic. Also important to Music City is the benefit the BRT system will bring to bolstering tourism, a major industry in Nashville. While the region consists of a variety of suburban areas and smaller towns as well as the central city, the entire region has united around this transportation vision. Ken Moore, the mayor of Franklin, a small city on the outskirts of Nashville, has observed that "transportation is a regional issue," and even though the first phase of the BRT system would not serve his city, Mayor Moore is a strong supporter of the project. He sees it as "the beginning of bolder transit initiatives in our region to address the congestion on our highways and to improve people's ability to get around."

Locally driven transportation projects can also play a critical role in town and city centers by ensuring employers have access to top talent across a region. In the Chairman's home state of Connecticut, the City of Hartford is leading a project to redesign downtown streets to better connect major job centers with a growing multimodal transportation hub at Union Station. Downtown Hartford is an economic engine with more than 110,000 jobs, including 80,000 jobs within one-half mile of Union Station. But employers, including several Fortune 500 businesses, were concerned that inadequate connections in the downtown core were limiting access to top employees. This project will boost the downtown economy and make these jobs more accessible to workers across the region through relatively small improvements: remarking streets, adding new crosswalks and wayfinding signs, and retiming traffic lights to improve transportation connections through the downtown core. The City of Hartford was able to partner directly with the federal government to undertake this innovative project through the TIGER grant program; the project was awarded a $10 million grant in 2012.

Local communities are increasingly raising their own revenues to help fund these transportation investments. According to the Center for Transportation Excellence, which tracks local ballot measures, transportation measures pass at twice the rate of all other ballot measures, and this success holds true for both large places and small ones. In Salt Lake City, for example, a 2007 sales tax measure passed with a two-thirds majority to support further development of the region's light rail, bus, and commuter rail systems to keep up with the rising demand on those systems. In 2013, Missoula, Montana voters supported a new property tax measure to improve their local bus service. Many of these measures passed with the support of a broad coalition of stakeholders, including local businesses, hospitals, universities, and community-based groups. These local actions underscore the momentum and commitment that exists today among local leaders to improving transportation options in their communities. But they cannot do it alone. While local revenues are playing an increasingly important role, federal dollars typically make up well more than half of transportation project budgets.

2. Congress should provide stable and dedicated revenues for all modes of surface transportation.

The projects discussed above, and their associated economic benefits, would likely not have materialized if not for Federal support. But the gasoline tax that has sustained the federal transportation program since the middle of the last century is no longer keeping up with investment needs. According to projections from the Congressional Budget Office, all of the gas tax revenues that are expected to come into the Highway Trust Fund in the next fiscal year will be needed to pay for commitments the U.S. Department of Transportation (USDOT) has already made to states, regions, and transit agencies. Without new revenues being added to the trust fund, USDOT will not be able to make any new commitments of funding for transportation in the coming fiscal year.

Every region is this country has developed multi-year transportation plans that count on federal funding being available in the future for important local projects. If Congress does not act to provide additional revenues for the Highway Trust Fund, these plans and projects would be stopped in their tracks, with real — and likely lasting — effects on the nation's economy. Transportation for America's recent report on this issue, "The End of the Road? The Looming Fiscal Disaster for Transportation," found that if nothing is done, communities across America can expect to see a $46.8 billion hole in their transportation budget for projects that would otherwise have begun next year. The breakdown of that number among the states represented on the Subcommittee is shown in Table 1.

Table 1. Contract Authority States Stand to Lose in FY2015 (Highways and Transit)

State	Total Dollars	State	Total Dollars
Alaska	$530,948,095	**Missouri**	$1,017,454,027
Arkansas	$537,519,402	**Montana**	$421,688,246
California	$4,874,210,701	**Nebraska**	$304,996,749
Connecticut	$654,278,090	**Nevada**	$409,378,648
Florida	$2,210,614,868	**New Hampshire**	$181,282,406
Hawaii	$210,909,824	**New Jersey**	$1,570,130,769
Indiana	$1,036,206,363	**South Carolina**	$703,867,293
Massachusetts	$956,611,330	**Texas**	$3,787,141,049
Minnesota	$739,788,429	**Washington**	$907,772,105
Mississippi	$498,547,291	**Wisconsin**	$826,022,133

Source: "The End of the Road? The Looming Fiscal Disaster for Transportation," Transportation for America, April 2014, Table 2, http://www.t4america.org/maps-tools/fiscal-cliff-report/

Transportation for America has proposed an investment plan for the nation's transportation fund that calls for an additional $30 billion per year to support all modes of surface transportation. We support revenue raising mechanisms such as an increase in the per-gallon gasoline tax plus indexing it to inflation, a sales tax on gasoline, or a per-barrel oil fee. Our plan also calls for creation of a new Transportation Trust Fund to replace the existing Highway Trust Fund that would provide dedicated and stable revenues for all modes, not only highways and transit but also intercity passenger rail and other surface transportation programs currently subject to annual appropriations. Providing dedicating funding for these modes is important not only to allow for long-term investments in equipment and infrastructure, but also to facilitate the use of innovative financing strategies, as private investors require long-term commitments, not promises that can be renegotiated every year.

Transportation for America's revenue proposal has been endorsed by a number of local chambers of commerce, cities, and other organizations, such as the MetroHartford Alliance and the Capitol Region Council of Governments in Connecticut; the Newark Regional Business Partnership in New Jersey; the City of Gainesville and the Broward MPO in Florida; the Southern California Association of Governments; and the Seattle Metropolitan Chamber of Commerce. These entities have joined with us in calling for Congress to address the funding issue because inaction would be devastating for local transportation projects. In Boise, Idaho, for example, the urgently needed Broadway Bridge replacement project is at risk. The Broadway Bridge has the lowest structural rating of any bridge in the state, and given its degraded condition, could require weight restrictions or closure at any time. The $11.2 million project was scheduled for

2015, but with $10.4 million in federal funds now uncertain to materialize, the project may not happen. This is just one of hundreds of projects important to local communities that could be threatened if Congress does not stabilize funding for transportation.

3. Federal Transportation Programs Should Be Refocused to Better Support Local Needs.

As discussed, local communities are working tirelessly to address their transportation challenges, but they need a strong federal partner if they are to succeed. The reauthorization of MAP-21 provides an opportunity to refocus federal programs to better support transportation needs at the local level. Based on discussions with civic, business, and elected leaders in communities throughout the country, Transportation for America has developed a set of policy reforms, based upon principles of competition, multimodalism, innovation, and local access to funds. The following sections address key proposals that we believe would be of particular interest to members of this Subcommittee.

a. <u>Spur local initiative through competition and incentives</u>

Normal, Illinois used a TIGER grant to attract private investment; the City of Meridian used funding from the old "transportation enhancements" program (now rolled into the Transportation Alternatives program, from which states can choose to shift half of the funding for other purposes). These funding sources are flexible – multiple modes are eligible – and are available to local governments for locally-developed projects. Unfortunately, these programs represent only a tiny percentage of federal transportation dollars, far less than is needed. The demand is clear: in the five past rounds of TIGER grants, USDOT has received over 5,000 applications requesting over $114 billion, for just $3.5 billion in available funding.

Local leaders need the tools and resources to invest in innovative transportation solutions that are critical to their economic competitiveness. Through the consolidation of programs in MAP-21 virtually all competitive federal funding opportunities were eliminated, making it harder for local communities to directly access federal funds. These were the same programs to which communities looked to help fund their innovative transportation projects. Formula programs now make up nearly 93 percent of all federal highway funding, an increase of 10 percent from SAFETEA-LU. Local and regional entities are provided direct access to less than 15 percent of all authorized highway funds from MAP-21. Additionally, the primary source of funding for local transportation projects, the Surface Transportation Program (STP), had more than $5.0 billion of new responsibilities added to it by MAP-21, while that program was only increased by $1.2 billion. As a result, states are facing increased pressure to use STP funds to address state needs, rather than local priorities.

Competitive programs, for which all modes are eligible and to which local governments can directly apply, are a promising model to address these needs. Competition spurs innovation as communities work harder to create projects that stand out, achieve multiple goals, and attract both public and private matching funds.

Transportation for America has proposed several approaches to improve local access to federal funds. First, a national competitive program in which communities from around the nation compete with each other would both stimulate innovation and provide an option for local communities to gain funding for projects that are otherwise hard to fund under existing formula programs. Open to road, rail, transit, and port projects, a national competitive program could target funds to projects with the greatest return on investment, regardless of mode.

A complementary approach, which could be done in addition to a national program, is an in-state competition using a portion of a state's highway funds. This proposal, championed in the Senate by Senators Wicker and Booker and in the House by Reps. Rodney Davis (R-IL) and Dina Titus (D-NV), would allow local and regional governments to build infrastructure that provides better opportunities for local businesses and residents to prosper. Under this proposal, states will conduct annual competitions for a small portion of federal formula funds. Projects would be selected by a panel with equal representation from state departments of transportation and local jurisdictions, as well as other stakeholders, based upon a set of criteria aimed at improving the transportation system, promoting innovation, and spurring economic development.

I encourage the Subcommittee to consider these approaches as well as others that would achieve the goal of increasing local access to and control over federal transportation funds. These reforms will help to ensure that our limited federal dollars are used to provide the highest return on investment.

b. Reduce Freight Bottlenecks and Address Last-Mile Connections

Efficient goods movement is critical to economic growth. However, throughout our transportation network there are bottlenecks that slow down goods movement. Congestion increases logistics costs on businesses and undermines productivity. Freight takes longer to get through many metropolitan regions than to traverse long-haul freight corridors: it can take 48 hours to move goods from Los Angeles to Chicago, and another 30 hours just to cross the Chicago metropolitan region.

Over the past ten years, we have a seen a significant growth in domestic freight movement, especially freight rail. Specifically, between 2002 and 2012 there has been a 17% growth in ton-miles of freight rail. Just last year, freight rail's intermodal volume totaled 12.8 million containers and trailers, up 4.6% over 2012. Any solution to improve freight movement needs to be multimodal and address both long-haul routes and last-mile connections within cities and regions, which can be disproportionately costly and time-consuming. For example, a truck that misses a 15-minute delivery window can disrupt the production or merchandising of goods by the recipients, interfere with other trucks maneuvering into tight spaces and scheduled door capacity at customer docks, and in some cases may even be turned away.

Currently, our federal surface transportation program does not recognize the multimodal nature of freight movement. Instead, the program looks at highway, rail, and water infrastructure for freight separately. To improve freight movement, the next transportation reauthorization should invest in multimodal solutions. A multimodal freight transportation system recognizes the market demand for intermodal trips that improve efficiency and reliability and reduce costs. It recognizes the intersection between modes of transportation – whether it is from rail to truck, water to rail, or water to truck to rail. The next bill should direct funds to projects that will reduce bottlenecks and address last-mile connections through investments in all appropriate modes.

The next bill should also incentivize and support regional freight planning efforts, particularly with regard to first- and last-mile connections, which are of particular importance to local communities. In Mississippi, a lot of timber is shipped by rail. But to get to the rail yards, the timber first has to move by truck. As you can imagine trucks carrying timber to load onto freight rail causes wear and tear on our roadways, and also caused concern for my constituents who did not enjoy sharing our city's streets with timber trucks. As Mayor, I worked with the city staff to identify key routes through the city, and then designated specific roadways that could carry the timber trucks. This plan resulted in improved efficiency for the trucks as well as other drivers, who could avoid the truck routes if they so chose. This type of effort is not unique to Meridian. Our much larger neighbor to the north, New York City, has also implemented this type of program. The federal government should recognize the value of these planning efforts and encourage other communities to undertake them.

Finally, MAP-21 required the Department of Transportation to designate up to 27,000 miles of existing interstate and other roadways as the Primary Freight Network to help states direct resources toward improving freight movement. Reauthorization should build on this provision by expanding the Primary Freight Network to include critical rail corridors, waterways, and connections to ports, as well as designating the urban corridors that are critical to freight movement.

c. Maintain and Expand the National Passenger Rail System with Stable and Dedicated Funding

Another issue of great importance to local communities is the future of intercity passenger rail. Americans today are using intercity passenger rail in record numbers. For smaller communities no longer served by air or intercity bus, rail provides the critical connection to jobs, medical centers, and universities in larger metropolitan areas. The national rail system increases economic activity and supports economic development efforts in communities across the country. For example, three years after the Downeaster service from Boston to Portland started, researchers found more than $15 million in annual business sales in Maine and New Hampshire attributable to the rail service.[1] A study of the Empire Builder's impact on Montana found that direct spending in Montana by Amtrak and riders from out of state totaled between $5.3 million and $5.7 million annually, and that the benefits for Montana residents of using Amtrak intercity service (in terms of automobile costs avoided, lower accident probability, reduced highway maintenance, etc.) totaled at least $7.6 million annually.[2]

Rail service is a key component of local communities' ability to retain and attract residents and businesses – the foundation of their future economic success. Yet too many communities lack this service. The college town of Grinnell is located in a sparsely populated part of central Iowa. Grinnell is only 285 miles from Chicago, but is no longer served by passenger rail, which used to connect the two cities in only a few hours. According to Jim Reische, Vice President of Communications for Grinnell College, "Grinnell is having an increasingly hard time recruiting the world-class faculty, staff and students we need to sustain our reputation and support our community, because of the impression that we're geographically isolated." Reische believes that restoring the rail connection to Chicago is necessary for "attracting people who have competing educational or employment options in locations they largely perceive as more desirable, typically because of easier access to metropolitan areas and the associated assumptions about diversity, cultural life, etc."

Along the Gulf Coast, 22 mayors have joined together to support restoration of passenger rail service from New Orleans to Orlando. Service along the Gulf Coast was suspended after

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[1] "Economic Benefits of Amtrak Downeaster Service," Prepared for the Maine Department of Transportation by Economic Development Research Group, Inc. and KKO and Associates, February 2005.

[2] "Analysis of the Economic Benefits of the Amtrak Empire Builder to Montana: Report to the Montana Department of Transportation, Montana Department of Commerce, and Montana Department of Agriculture," R. L. Banks and Associates, Inc., July 2003.

Hurricane Katrina in 2005 and has not been restarted, despite the fact that this corridor is experiencing rapid growth. It is the fourth largest aerospace corridor in the country, an industry that needs rapid, efficient transportation for its products and people. These mayors – who represent cities large and small along the Coast – are seeking the restoration of passenger rail service in order to allow their region to continue its strong economic growth without choking on highway and airport congestion.

At the same time, local leaders in Baton Rouge and New Orleans are spearheading an effort to create a rail connection between their two cities. Post-Katrina, Baton Rouge is now the largest city in Louisiana, yet many of its residents still commute daily to New Orleans. Those in New Orleans need access to the state capital as well. As a result, the highway between the two cities is highly congested, and geographic limitations make expansion challenging. Civic leaders in Baton Rouge and New Orleans recognize that passenger rail between these two major economic centers is essential to support the region's continued economic growth.

While these examples focus on specific corridors, the value of our passenger rail system derives from the fact that it is a national system. As with any network, the more connections that are made, the larger and more valuable the network becomes. By expanding service to more communities, the economic benefits of the entire network can be increased. If any set of connections is eliminated, e.g., through reductions in service or degrading infrastructure, the value of the entire network is diminished. To ensure that our national passenger rail system achieves its maximum economic potential, we must not only improve and expand service to additional communities, we must also make the investments needed to ensure that the system is brought into a state of good repair.

The reauthorization of the rail program should maintain and expand the national intercity passenger rail system, provide increased, stable, and dedicated funding for passenger rail, and provide local communities with additional funding and financing tools to support station-area economic development efforts such as those in Meridian and Normal.

d. <u>Deploy promising research through locally-based pilots.</u>

Local communities would also benefit from the ability to put promising new ideas into action. The next transportation bill should use a portion of federal research dollars to provide opportunities for communities to apply for innovative implementation grants and use these pilots as models, should they succeed, for communities nationwide. Innovative projects could be those that would improve transportation decision-making, increase operating efficiencies, or advance performance outcomes. Local communities, as the laboratories for ground-breaking practices, would receive an early return-on-investment through these deployment activities, through cost-savings and increased efficiency. This type of program would also make more efficient use of federal dollars by decreasing the time it takes for research to get from testing and development to implementation nationwide.

Conclusion

To conclude, let me reiterate my appreciation for the Subcommittee's interest in this topic. As I have said, mayors and other local leaders across the country with whom I have spoken are working hard to keep their local economies moving and improve the quality of life for their residents. The federal government must continue to stand with them as a ready partner in these efforts. As the Subcommittee develops its transportation authorization bill, we stand ready to assist your efforts to ensure that our multimodal transportation system can realize its full potential and allow our cities, towns, and suburbs to be more competitive and prosperous. Again, thank you for inviting me to testify today.