

**U.S. Senate
Environmental and Public Works Committee
Field Hearing, Sacramento California**

**Written Testimony of Robert Dugan
Chairman, Transportation Committee
Sacramento Metro Chamber of Commerce
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I am Robert Dugan, The Director of Government and Public Affairs for Granite Construction, and the Chair of the Sacramento Metropolitan Chamber of Commerce Transportation Committee. The perspectives I bring to my testimony today are twofold. On one hand I have the opportunity to be engaged in federal policy on behalf of one of the nation's largest diversified heavy civil contractors which builds transportation infrastructure for our public sector owners nationwide, and on the other hand, I have the opportunity to represent the greater Sacramento region's business community on transportation matters as Chairman of the Sacramento Metro Chamber of Commerce's Transportation Committee. In both capacities, I am a partner with the state and local transportation agencies helping to build our region and our nation's transportation infrastructure. It is in the spirit of that partnership that I offer testimony today.

Today I would like to address the greater need for a strong federal transportation program, our immediate regional needs and how we look at them as a business community, and finally discuss the need for a new federal program that provides *a strong federal commitment, more money, less strings, more streamlining, and finally earmark transparency and accountability.*

I would like first to thank you Senator for your leadership on this important topic. California and our region are very fortunate to have you at the helm of this critical discussion.

Second, I would like to thank you for inviting us to participate in this process. By holding these hearings in California, I am hopeful that those testifying can bring a very clear focus to the role we need the federal transportation program to play for our Nation, our State and the communities which make them thrive.

I. What does our business community think our region, our state and our country needs?

I would like to start with a quote that we feel can not be stated often enough, lest it be lost in the rhetoric:

“The surface transportation system of the United States is at a crossroads. The future of our nation's well-being, vitality, and global economic leadership is at stake. We must take significant, decisive action now to create and sustain the pre-eminent surface transportation system in the world.”

- National Surface Transportation Policy and Revenue Study Commission, January 2008

So how big is the need?

When you look at the U.S. DOT 2006 edition of its biennial *Report to Congress on the Status of the Nation's Highways, Bridges, and Transit: Conditions and Performance*, as analyzed by William R. Buechner, ARTBA Vice President, Economics and Research, in order to maintain the current physical conditions and prevent congestion from getting worse on our nation's highway system, we would need annual federal highway investment to the tune of \$54.5 billion, at minimum, in FY 2010 and grow to \$61.5 billion by 2015. To meet the maximum level of highway investment that can be justified by a benefit/cost analysis, these investments would need to be \$72.7 billion in FY 2010 to \$82 billion by FY 2015. More than double the current level of projected Highway Account revenues which are anticipated to grow from \$33.7 billion in FY 2009 to \$34.7 billion in FY 2013.

On the transit front, just to maintain current systems, federal transit funding in the next surface transportation bill would need to be \$9.3 billion in FY 2010 rising to \$10.5 billion in FY 2015, but that fails to anticipate growth needs of our transit systems and demand as driven by our nations current trend toward more use of public transportation systems.

The question is simple: As a country, who do we want to be? Our infrastructure determines the economic prosperity of our nation, and today, we are falling fast behind our international competitors.

I would be happy to provide you a copy of Dr. Beuchner's analysis after the hearing.

II. How are we engaging this need at the regional level?

Balance and collaboration are our driving forces

The Sacramento region sits at the confluence of two heavily traveled interstate systems. At the Regional Business community level, our overall goal is to advocate for balanced transportation solutions that improve the region's connectivity. As a partner with our local and regional transportation planning agencies, we envision a transportation plan that balances public safety and interstate commerce with regional mobility and an elevated quality of life. In an era of constrained federal, state and local budgets, our region's business community recognizes the need to selectively pursue a defined set of regional priorities; which include funding priorities for regional interstate commerce and corridor mobility projects throughout the region and allow for more efficient goods and passenger movement as well as transit projects that significantly enhance and improve ridership within and throughout the region.

More detailed information:

Commerce corridor projects include

- Sacramento Railyards Rail Realignment, the Sacramento River Deep Water Ship Channel and the track and tunnel improvements at Donner Summit. Intermodal Transportation Facility

Sacramento region corridor mobility priority projects many of which also impact commerce corridors include:

- Interstate 80 "Bottleneck" Capacity Improvements
- Interstate 5/State Route 113 Connector,

- U.S. Highway 50/Missouri Flat Interchange Improvements
- Hazel Avenue Widening
- Kammerer Road Extension, Railroad Overcrossing, and I-5/Hood-Franklin Interchange, Elk Grove, \$5 million
- The Kammerer project, from Bruceville Road to I-5
- Interstate 80 Bus/Carpool Lanes
- Highway 65 Bypass

Mass Transit projects that will move people off of the mainline passenger lanes include:

- South Sacramento Light Rail Extension Phase 2 Project.
- The Downtown-Natomas-Airport and South Line 2 light rail projects.
- Protect Funding for the Caltrans Bicycle Transportation Account
- High speed rail efforts throughout California

III. So what about the next authorization - Or better yet, a new vision:

In a sentence, I would summarize my testimony as follows: *We need a strong federal commitment, more money, less strings, more streamlining, and finally earmark transparency and accountability.*

There are two documents that I would like to direct you to that provide greater detail to my testimony today on what would make the next Highway Bill a success for the State and the country: First is the California consensus document which I think California's Transportation Director Will Kempton either will or has already brought to your attention in some detail. This was put together by a wide range of stakeholders and clearly outlines some general guiding principles as for what would be good for California.

The second document that I wish to reference is the recent Bush Administration proposal titled "A New Approach for America's Future". While the Administration chooses to side step the obvious need for robust federal funding and relies disproportionately on entities outside the federal government to meet our transportation needs, it does propose significant opportunities for streamlining the federal transportation program that I think business and local governments find appealing, at least in the high level discussions. Anything we do to simplify hurdles, decrease the timeline for approval and ease project delivery will decrease the cost of various projects and make our money go further.

With that I would like to jump into my testimony with those two documents as a backdrop.

- 1) Renewed commitment to a new national transportation vision.

We need a vision for our nation's infrastructure, and more specifically, our nation's transportation infrastructure. Our federal officials are so buried in crisis after crisis, deficit after deficit, that I have actually heard some reference abandoning the federal role for transportation infrastructure all together. This multitude of demands on our nation's leaders is causing many to lose sight of this important primary responsibility. Our nation's Transportation Infrastructure is critical for national defense, interstate commerce the very prosperity that drives revenues into the coffers of our local, state

and federal government programs. As our nation's transportation infrastructure crumbles, so will our economy.

We need a vision now more than any time since the creation of the interstate highway system and we need our federal elected officials to own it in true bipartisan fashion. We need a vision that maintains a strong federal role in transportation funding as a partner to our state and local governments and private sector. Devolution is a cop out. That vision needs to include a goods movement strategy, a passenger strategy, and a public transportation strategy that work together to maintain prosperity and mobility.

Further, that vision needs to acknowledge the balance between urban, sub-urban and rural interests. While we need to encourage policies that maximize the value of our transportation investment through smart land use planning and the jobs housing connectivity, we need to allow for some flexibility to ensure that each community and region can implement that right balance between commerce corridors, passenger traffic and public transportation. Because every community, every region and every state has as a different balance of those needs.

From a Chamber of Commerce and business perspective, the proper balancing of those needs is what drives economic prosperity for a region which subsequently results in strong economies, strong revenues, a strong employee base, and strong tax revenues to fund critical government programs.

Finally, that vision needs to engage innovation and accountability. We need to encourage those that build and maintain our transportation systems to embrace project delivery methods that speed project completion. We need to embrace new technologies that allow for greener and more efficient roads and transit like recycled asphalt and perpetual pavement technology. We need to encourage efficient use of our resources with appropriate land use strategies and technology that improves traffic flow. And finally, we need to ask that transportation agencies provide the justification for how those dollars are spent. I have yet to speak with a local agency that is not willing to provide performance data on a local investment of federal funding.

2) Robust funding

The nation's current transportation system is built on a strong federal funding model, as I have already stated, we all know that the existing financing structure is failing to generate the revenues necessary to maintain and improve our nation's transportation infrastructure needs.

We need leadership in Washington to explore and drive bipartisan consensus on how we can stabilize and grow our federal revenue sources through equitable user fees in the spirit of our current "user pays" system.

Further, we need to encourage and support state and local financing mechanisms along with incentives to encourage private financing where it makes sense in the system including PPP's and the design build delivery mechanisms that attract the private investment.

3) Less strings and more streamlining

While there are folks testifying here before you today with a lot more technical expertise on this issue of strings and streamlining, please allow me to put a Business and taxpayer perspective on it.

If it truly takes an average of 16 years to design and deliver a new highway or transit project, we should be embarrassed. But obviously we have just been complacent. How can local and state agencies truly plan for a 16 year cycle for the greater expectations of our great nation's citizens! No business could survive with that type of planning and delay paradigm.

Delegating or integrating agency oversight and planning is a good start, as is the encouragement of delivery mechanisms like design build where project delivery time can be expedited and real dollar savings can be significant when delays in planning and execution are taken into account.

4) Earmark Transparency and Accountability

Having been engaged in this region for most of my adult life and having worked on transportation program and funding issues for the better part of 20 years here has jaded me to the "earmark reform" bandwagon. While I can not speak for the rest of the country, I do know how we do it here. And if others duplicate our efforts across the country we will successfully reform the earmark system.

The formula that we have found to be the most effective is relatively straight forward: no project should be funded via earmark unless it has been justified through the public process; and earmarks should track with local, regional or state planning processes, except in cases where the federal agency has made a public determination that a project is in the National interest.

For the next highway bill to become the success our nation demands, that level of transparency and accountability for transportation projects needs to be adopted on a national scale.

I will conclude with a sentence:

We need a strong federal commitment, more money, less strings, more streamlining, and finally earmark transparency and accountability to protect prosperity and quality of life in our region, our state and our nation, and the time is now for our federal government to own that responsibility.

Thank you.