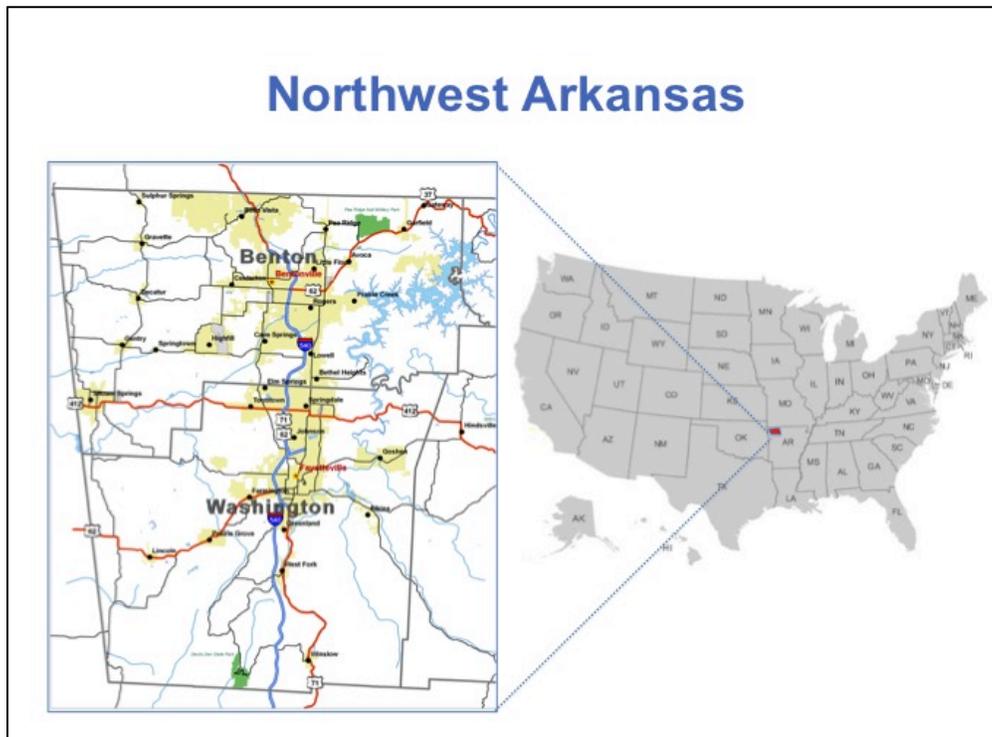


Statement of Mike Malone
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Hearing on National, State and Local Transportation Priorities for the
Next Surface Transportation Authorization
U.S. Senate Committee on Environment and Public Works

April 6, 2011

Chairman Boxer, Ranking Member Inhofe, and Members of the Committee, thank you for the invitation to appear before you today to hear the key transportation issues facing the Northwest Arkansas region.

Northwest Arkansas has an exciting story to tell – we’ve been one of the ten fastest growing regions in the United States over the past two decades and our economic success has created jobs and contributed greatly to the nation’s economy over the past two decades. And yet, this rapid growth has put severe strains on our transportation infrastructure and we’re concerned that without critical infrastructure improvements, our economic success will be halted or even reversed.



Our region of nearly one-half million residents is presently served by a single north-south, four-lane interstate (Interstate 540) that is congested and highly prone to service disruptions. Additionally, we have several projects of regional

significance that have been in the planning stages for more than twenty years and it is unclear when, or even if, funding will be available to finally start construction on any of them.

Right now we are facing a decrease in fuel tax revenues at the exact same time that costs and needs have exploded. Projects in Northwest Arkansas and throughout the State of Arkansas are facing costly delays and revenues are not increasing at a rate sufficient to keep up with inflation.

In essence, we are losing ground on many of the key regional projects that are necessary to ensure continued economic competitiveness. Federal budget issues threaten to further reduce the amount of funding available for highway construction unless Congress takes mitigating action soon. This is the “perfect storm” that we’re facing in Northwest Arkansas.

We certainly understand that solutions will have to come from all levels of government and we have taken several steps as a region to try to address infrastructure needs. Our cities and counties have raised more than \$300 million through new infrastructure taxes and our local governments banded together to form a Regional Mobility Authority to prioritize regional transportation needs.

The State of Arkansas is also actively working to identify new resources as well. Among all states, Arkansas has the 12th most lane miles in our state highway system but we’re ranked 42nd in per capita Federal highway funding. Over the past year a Blue Ribbon Committee of stakeholders studied the highway needs in Arkansas and issued a series of recommendations -- some of which are starting to be implemented. Next year, two revenue questions will go to Arkansas voters to give them the chance to decide whether they want to increase the statewide sales tax and the diesel tax rates for improved highway infrastructure.

Despite these efforts at the state and local levels, without a clear infrastructure investment strategy at the Federal level, Arkansas could be planning and working in a vacuum. Therefore, we urge you to move forward quickly to enact a multi-year surface transportation reauthorization. A Federal reauthorization bill would give state highway departments and regions like Northwest Arkansas the information, and hopefully a key part of the resources, necessary to successfully address the looming infrastructure challenges. We understand that you face key financing questions as you develop a multi-year bill.

We also encourage you to establish a program through which High Priority Corridors can finally be completed. I’m disappointed to report that Northwest Arkansas still is home to two of the key, unfinished segments of ISTEA-designated High Priority Corridor #1 that will be the future Interstate 49 when complete. Obviously this corridor was of important national significance when it was identified as High Priority Corridor #1 in 1991 and, with the growth in our

region and the economic hardships in mid-America, it has become even more important to millions of Americans in the middle-part of the United States.

Additionally, when a reauthorization bill is written, we are hopeful that you will support programs that invest in regional solutions to our nation's transportation needs. Regional solutions to transportation bottlenecks improve the entire highway system. We hope you find ways to strengthen and give more tools to organizations like Metropolitan Planning Organizations and Regional Mobility Authorities in the multi-year reauthorization legislation.

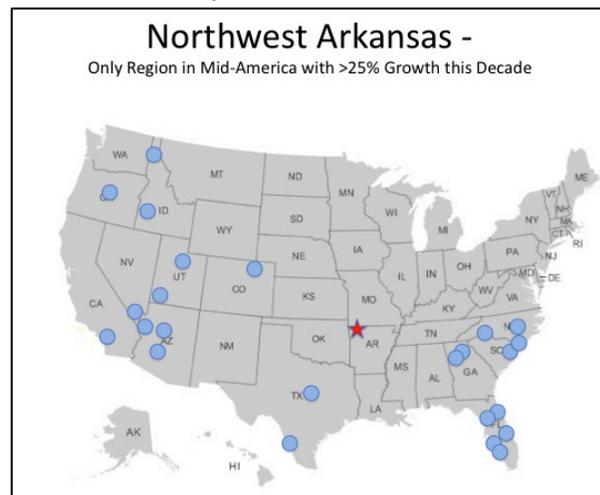
As you establish thresholds for program eligibility, we ask you to remember small- to mid-sized regions like Northwest Arkansas are making a significant positive impact on our nation's economy and should be given resources to continue the momentum. Because we are still a somewhat rural state, no region in Arkansas will qualify for certain Federal programs if the population threshold is set too high. It would be unfortunate not to give our dynamic and fast-growing regions – that happen to be performing very well economically -- as many tools as possible for addressing infrastructure needs.

And, although it is not a reauthorization issue, per se, it is very timely to ask you to reject the House of Representatives' budget proposal that would rescind the previously-awarded TIGER II grants. Northwest Arkansas was a fortunate recipient of a \$15 million TIGER II grant to support the construction of a multi-use, off-road trail network to link the larger cities in our region. A great deal of work is already underway among regional partners and private firms based on the grant award notice and it would be unproductive to rescind funding that has catalyzed these efforts before construction ever gets started.

Northwest Arkansas; the Fastest Growing MSA in mid-America

Due to the success and growth of a number of large industries including Walmart, Tyson Foods and J.B. Hunt Transport, Northwest Arkansas has been one of the fastest growing regions in America over the past two decades.

During the 1990's, the Fayetteville-Springdale-Rogers Metropolitan Statistical Area (MSA) was the 6th fastest growing region in the United States and when MSA population figures are calculated following the 2010 census, we anticipate being one of the ten fastest growing regions over the past decade as well.



The Fayetteville-Springdale-Rogers MSA is the only region in the Midwest with greater than 25% population growth during the past decade.

Facing Growth Related Infrastructure Strains

But all this growth comes at a price. Today Northwest Arkansas is home to nearly one-in-six Arkansans and this region's explosive growth over the last two decades has created costly infrastructure strains.

We are confident that the infrastructure needs we are facing in Northwest Arkansas will not be addressed with the limited sources of funding that are currently available today.

As a region of nearly 500,000 residents, a single four-lane interstate corridor is not sufficient to meet the mobility needs of this rapidly growing area. Open slightly over ten years, Interstate 540 is one of the heaviest traveled highways in Arkansas. By lane miles, only I-630 and I-30 in the Little Rock area have higher traffic counts than I-540.

Furthermore, our region lacks basic interstate connectivity to the north and no east-west interstate-quality corridors whatsoever. Currently commercial vehicles can only travel south out of the region if they want to avoid traffic lights and local traffic.

Congestion and gridlock are costing millions in wasted time and fuel charges for our residents, in addition to damaging our environment. For residents who get paid hourly, traffic delays reduce their earning potential and if the traffic makes them late to work, their job becomes at risk. Delays certainly mean less time that people can spend with their families.

In short, traffic congestion affects all of us and it is threatening to affect the excellent quality of life we enjoy in Northwest Arkansas. And, this congestion is only going to get worse as we continue to grow if we don't figure out how to get some of the needed regional transportation projects moving forward.

Projects of Regional Significance

No matter how one looks at it, transportation improvements are based on well-planned and thought out projects. It is unfortunate that these projects have been labeled "earmarks" versus the investments that they truly are. The Northwest Arkansas Council continues to advocate in support of several highway projects of regional significance.

The highway projects of greatest regional significance for Northwest Arkansas are the I-49/Bella Vista Bypass, the U.S. 412 Bypass, the Western Beltway, and

Interstate 540 upgrades. Additionally, the Razorback Greenway, a 40-mile multi-use trail is also an important regional surface transportation initiative.

- **I-49/Bella Vista Bypass** – The Bella Vista Bypass is an approximately 20-mile segment that is a key, unfinished link in the future Interstate 49 corridor that will eventually connect New Orleans to Winnipeg. This is one of two unfinished segments of the ISTEA-designed High Priority Corridor #1 that is in our region.

More than 3.3 million Americans live in Metropolitan Statistical Areas (MSA) along the future I-49 corridor between Ft. Smith and Kansas City. The business sectors in northern and western Arkansas and southern and western Missouri are already closely linked and this highway connection will further strengthen these important relationships. Intermodal port facilities in Fort Smith and Kansas City, Tyson Foods, Wal-Mart, and many of the nation's largest trucking firms need north-south interstate access in this corridor.

Extensive delays occur daily along this unfinished segment of the future I-49 resulting in added costs for individual commuters and diversions of truck traffic to nearby two-lane north-south highways.

I-49 will carry commercial and local north-south traffic throughout mid-America. It will help Missouri and Arkansas businesses be more successful and improve quality of life for thousands of families.

In 2010, a TIGER I grant was awarded for \$10 million and the Arkansas Highway Department anticipates breaking ground on a segment of independent utility along the Bella Vista Bypass alignment in April of this year. Although work will commence, they do not have funding identified to complete the entire Bella Vista Bypass project at this time.

- **U.S. 412 Bypass** – The U.S. 412 Bypass, also known as the Springdale Northern Bypass, is part of ISTEA-designated High Priority Corridor #8 and it has been in preliminary development for more than fifteen years.

The bypass would provide an east-west highway alternative through the heart of Northwest Arkansas. The sharp turns and multiple traffic lights along the current highway create congestion and delays for anyone attempting to cross the region.

This \$400 million-plus project already has environmental clearance and the route has approval by the Federal Highway Administration (FHWA). The state committed \$26 million for designing the corridor and acquiring right of way from I-540 to the west.

Limited funding is under consideration for the next Statewide Transportation Improvement Program three-year funding allocation plan, but it is far from the \$400 million-plus needed to complete the project. Significant additional federal, state and/or local resources are needed to fund the 412 Bypass.

- **Western Beltway** – The Metropolitan Planning Organization has recommended the Western Beltway concept as an alternate north-south route to I-540. With significant growth in the western parts of Washington and Benton counties, it is important to work quickly to preserve the corridors for this project before the cost of land gets too expensive.

We are grateful to have received Federal project funding to initiate a Feasibility Study of the Western Beltway concept.

- **I-540 Upgrades** – I-540, Northwest Arkansas' only interstate corridor, is highly congested and even minor disruptions in traffic flow can snarl traffic for miles throughout our region.

In 2005, the Arkansas State Highway and Transportation Department completed a planning study that determined the improvements needed along the 31-mile portion of I-540 between Bella Vista and Fayetteville. The findings show a need for interchange improvements totaling \$180 million and widening needs (to six-lanes and even eight-lanes in certain segments) of approximately \$200 million. The total upgrades recommended would cost \$380 million.

- **“Razorback” Greenway Trail Project** - The 40-mile Razorback Greenway is a multi-use trail project that would link the six major municipalities of northwest Arkansas, the University of Arkansas, Northwest Arkansas Community College, hospitals, shopping centers, and the headquarters of major employers.

This \$30 million-plus project received a \$15 million TIGER II grant in October of 2010. The Federal investment will leverage another \$15 million of private funding from within the region. It is the perfect example of how public agencies and private sector interests can work together to make a difference.

However, there is presently great concern over the House of Representatives' budget proposal that would rescind all unobligated TIGER II funds -- including the \$15 million committed to the Razorback Greenway. A large amount of planning and preliminary work has occurred already based on the TIGER II award announcement. Withdrawing previously pledged funding could put the private sector funds at risk and would certainly delay this project for many, many years.

These projects of regional significance are all quite costly and they will require the infusion of new sources of funding from the Federal, state and regional levels.

Taking Initiative at the State and Regional Level

State and local officials have taken a number of steps in the past few years to try to address infrastructure funding needs.

At the state level, a Blue Ribbon Committee on Highway Finance spent more than a year studying and formulating recommendations for addressing the statewide highway-funding shortfalls. They made a series of recommendations and several of their recommendations are actively under consideration in the Arkansas Legislature.

Next year, a five-cent diesel tax increase and a half-penny statewide sales tax increase will both be referred to voters. If one or both of these measures are approved, the proceeds of the funds will be dedicated to highway construction. Combined, they would generate about \$3 billion in new construction activity over a ten-year period.

At the regional level, since 2002, voters in Northwest Arkansas have approved over \$300 million in bonds for street and highway construction. Our cities have provided or pledged over \$60 million for partnerships with the Arkansas Highway and Transportation Department to accelerate construction of much needed state highway projects.

City Councils and County officials in Northwest Arkansas also approved the establishment of the first Regional Mobility Authority (RMA) in the State of Arkansas to further explore ways in which Northwest Arkansas can finance highway projects that were traditionally funded solely through state and Federal gas tax revenues.

RMA's are regional governmental agencies that can be formed among contiguous counties to build, operate, maintain, expand or fund transportation projects. RMA's are not intended to be a substitute for current State and Federal highway funding. By state law, any significant, locally-generated sources of funding for RMA projects must be approved by voters.

As you consider establishment of an Infrastructure Bank, you may want to think about the ability to provide Federal investment up front to projects where localities have dedicated local funding over a period of time.

Conclusion

In closing, I would like to thank Chairman Boxer, Ranking Member Inhofe and the other members of this Committee for the opportunity to testify on reauthorization-related issues.

We appreciate the opportunity to share the perspective we have from a fast-growing region in a somewhat-rural state.

We are hopeful that reauthorization will be finished this year to bring much more certainty and clarity to the transportation funding discussions that are also underway in statehouses and city halls across our nation.

To briefly recap our recommendations, we suggest:

- an intense focus on completing unfinished segments of national High Priority Corridors such as the future-Interstate 49 (High Priority Corridor #1) and U.S. 412 (High Priority Corridor #8) which both run through Northwest Arkansas;
- investing in regional programs for transportation infrastructure solutions;
- ensuring that fast-growing small- and mid-sized metropolitan areas will be eligible to participate in Federal transportation programs; and,
- although it is not a reauthorization issue, rejecting the House of Representatives' proposal to rescind unobligated TIGER II funds.

Thank you again for the opportunity to offer testimony. I wish you well in your important endeavors.

Mike Malone serves as the President and CEO of the Northwest Arkansas Council. The Northwest Arkansas Council is a private non-profit that was founded more than twenty years ago to identify regional challenges and serve as a catalyst for solutions. The organization was founded by visionary business and civic leaders including Sam and Alice Walton, Don and John Tyson and J.B. Hunt who saw a need for stronger regional collaboration in Northwest Arkansas. For more than twenty years, the organization has worked and advocated for a number of infrastructure projects in Northwest Arkansas.