

AMERICAN ASSOCIATION
OF STATE HIGHWAY AND
TRANSPORTATION OFFICIALS

AASHTO

TESTIMONY OF

Patrick K. McKenna

Vice President, American Association of State Highway and
Transportation Officials

Director, Missouri Department of Transportation

REGARDING

**The Economic Benefits of Highway
Infrastructure Investment and Accelerated
Project Delivery**

BEFORE THE

**Committee on Environment and Public Works of the
United States Senate**

ON

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INTRODUCTION

Chairman Barrasso, Ranking Member Carper, and Members of the Committee, thank you for the opportunity to provide the perspective of the nation's state departments of transportation on the benefits our citizens reap from infrastructure investments and speedy project delivery.

My name is Patrick McKenna, and I serve as Director of the Missouri Department of Transportation (MoDOT), and Vice President of the American Association of State Highway and Transportation Officials (AASHTO). Today it is my honor to testify on behalf of the great State of Missouri and AASHTO, which represents the transportation departments of all 50 States, Washington, DC, and Puerto Rico.

I was appointed to my position by the Missouri Highways and Transportation Commission in December 2015. In this role, I'm responsible for overseeing all operations for the department. Prior to my current role, I served as deputy commissioner of the New Hampshire Department of Transportation.

I appear before you today very near to where I spent 13 years of my career as a staffer with the Secretary of the United States Senate. I am grateful for those years that enhanced my interest in public service and instilled in me a deep respect and admiration for this institution and for the work you perform and the sacrifices you make carrying out your constitutional duties on behalf of the American people.

My hope today is that we can continue the robust discussion on how we can best deliver transportation projects that both make the best use of limited taxpayer dollars and protect our precious natural resources. I believe these two objectives can be met if we work together toward these ends and approach them with a sense of purpose and urgency and a reflection on the past, present and future.

We spent the past century building our nation's transportation infrastructure. Once a model of innovation, achievement and progress, our current transportation system is in dire need of attention and investment. Our focus today must be on restoring our network of interstates, roads and bridges to useful condition, ensuring they provide safe and reliable service to the end users – the American people. Looking forward, our next steps must be to seek and implement innovation to operate the transportation system more safely, reliably and with less environmental and community impact.

Let us look beyond the tangible products and technical aspects of our projects – such as steel, concrete and equipment - to the ultimate purpose behind our work and that is the people we serve. Transportation investment is about moving people and goods safely and efficiently and providing a high quality of life. That is why, in Missouri, we work to deliver resourceful and effective transportation projects under the umbrella of three guiding principles: safety, service and stability.

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Every project we tackle must have the goal of making the movement of goods and services safer for all involved. That means we must look to technology, such as automated and connected vehicles, to make travel safer. We must consider smart routes as worthy of investment and examine ways we can enhance incident response tools and techniques.

Service means reliability and mobility for our nation's travelers. As such, it's imperative that we look at our processes, projects and products to ensure they are providing efficient and effective movement of goods and service. We must look beyond traditional project delivery means and methods to provide the transportation options to our customers.

Stability requires a broad consideration of the impacts of delivering transportation projects, especially as to how our work impacts the environment around us. In Missouri, we strive to do all we can to minimize the footprint of our work. Like many other organizations, MoDOT uses recycled shingles, tires, asphalt and other materials to deliver the best pavement with cost — and the environment — in mind. In fact, from 2007 to 2018, we saved \$298 million through recycling.

Stability also means economic development and jobs. In Missouri, we are fortunate to have a leader who has recognized the value of infrastructure on the current and future well-being of its citizens. From the moment he took office, Governor Mike Parson espoused two main goals: workforce development and infrastructure improvement. Most recently, he has proposed a bridge bonding package that would allow us to repair and replace 250 state bridges — bridges that are already programmed in the state construction program.

If successful, the bonding effort not only would fix a significant number of bridges in our state, but would also free up \$350 million that would allow us to perform additional critical infrastructure work in Missouri. This bonding package represents the key benefits to stability - economic development and jobs, guiding forces for transportation investment.

AASHTO and its member DOTs, like many in the transportation industry, welcome the current discussions related to an infrastructure initiative and the reauthorization of the federal surface transportation bill. As part of these discussions, it is timely to highlight the importance of federal highway infrastructure investments and the steps that can be taken to further accelerate the delivery of those projects. As this Committee continues to develop infrastructure legislation, I would like to emphasize the following issues:

- The need to make a stronger value proposition to the public for investing in highway transportation infrastructure;
- Tangible benefits of improving our highways both in the short- and long-term;
- Importance of the formula-based highway apportionments to states benefiting all corners of our nation;
- Accelerating project delivery and improving our environment through assignment of federal authorities to states and encouraging innovation.

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ECONOMIC BENEFITS OF HIGHWAY INVESTMENT

First, let me express appreciation to you on behalf of the state DOTs for your leadership, along with your Senate and House colleagues on partner committees, in shepherding the Fixing America's Surface Transportation (FAST) Act in December 2015. Prior to the FAST Act, there was federal funding instability and Missouri was in the difficult financial position of considering abandoning maintenance on 26,000 of our 34,000 miles of roadways. Since the passage of the FAST Act, Missouri has taken on more financial risk as a state, and increased our capital budget by \$3 billion over five years.

The FAST Act carries forward the federal government's Constitutional directive to invest in transportation as one of its core responsibilities. Yet at the same time, we see ample evidence for ever-growing transportation investment needs from growing population, aging infrastructure stock, and rapid deployment of new technology. According to the US Department of Transportation's (USDOT) *2015 Conditions and Performance Report to Congress*, highway and bridge backlog reached \$836 billion, breaking down into \$420 billion for highways, \$123 billion for bridges, \$167 billion for system expansion, and \$126 billion for system enhancement.

That being said, these are numbers that are hard to grasp due to their sheer magnitude. We live in a market-based economy where the supply and demand for goods and services are typically determined through very clear price signals. You know exactly what a gallon of milk costs, how much a new car will be, and how much you'll be charged for a haircut. Unfortunately, for provision and use of transportation infrastructure, there are no similar price signals to users of the system in terms of how much they are asked to pay, and what they get in return.

In the past, AASHTO has commissioned man-on-the-street interviews asking how much the typical vehicle pays in terms of state and federal gas taxes per year—and the response ranged from around \$1,000 all the way up to \$7,000. The correct answer is \$313 per year, or \$26 per month per vehicle assuming 12,000 miles driven and fuel efficiency of 20 mpg. This compares to \$160 for electricity and gas, \$161 for cell phone, and \$124 for cable and internet accessories per month. I believe the value provided by our nation's transportation network is well worth the contributions being asked from system users, especially compared to other monthly utility and service fees.

The place to start this conversation, though, is to recognize that we in the transportation industry need to do a better job of making the value proposition for transportation investment, by more clearly communicating both the cost and benefits related to the use of our transportation system. And in Missouri, that is exactly where we've started our public conversation.

When I came to MoDOT, I found as I traveled around the state that elected officials, stakeholders and the general public had pervasive misconceptions about our transportation system, how it was funded and how we spent the funds we received. We decided a concerted

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educational process was needed to take a complicated subject and explain it as simply as possible in layman's terms.

A multi-disciplinary team spent six months on the effort, and in the fall of 2016, produced our first Citizen's Guide to Transportation Funding in Missouri. The guide takes the complex issues of the state's transportation revenue, expenditures, system condition and unfunded needs and explains them in clear and easy-to-understand terms with the goal of educating and informing Missourians on the current status and future direction of their transportation system. It has proven to be a very valuable piece in telling our story.

We've updated it each year since, and it has helped to break down the old perceptions and to advance the discussion of a need for additional investment in transportation infrastructure.

Now, along with several companion pieces, the Citizen's Guide is legislatively required to be the core of our annual report to the Missouri General Assembly.

Though certainly significant, benefits from investment in highway transportation infrastructure go well beyond short-term construction jobs created. A well-performing transportation network allows businesses to manage inventories and move goods more cheaply, access a variety of suppliers and markets for their products, and get employees reliably to work. American families benefit both as consumers from lower priced goods and as workers by gaining better access to jobs.

The Federal Highway Administration (FHWA) estimates that each dollar spent on road, highway and bridge improvements results in an average benefit of \$5.20 in the form of reduced vehicle maintenance costs, reduced delays, reduced fuel consumption, improved safety, reduced road and bridge maintenance costs, and reduced emissions as a result of improved traffic flow. Perhaps most importantly, according to an FHWA study, \$100 million spent on highway safety improvements will save 145 lives over a 10-year period.

In Missouri, examples of rate-of-return investments made in the state include:

- Every dollar invested in transportation in Missouri results in \$2.5 to \$4 of new economic activity depending on the type of projects we are able to complete. When long-term federal funding is known and predictable, our project planning enables system improvements that bring higher returns. When federal funding is unpredictable, we focus on projects with single year completions that yield less long term economic benefits.
- Missouri has more than 1,000 miles of the Mississippi and Missouri Rivers bordering and bisecting our state. Some \$12.5 billion in cargo travels up and down those waterways each year. A little investment in ports can spur a great deal of private investment. For example, in the past 5 years, \$15.5 million in state investment in ports has led to \$2.4 billion in state and local tax revenue. Missouri public ports support nearly 290,000 jobs annually, \$15.7 billion in labor income and \$100.6 billion in economic activity.

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- Missouri has 122 public-use airports that generate \$11 billion in annual economic activity.
- Missouri's cost-share program enables us to leverage contributions from local communities with state funds to advance projects of regional importance. Since the program's inception, more than \$450 million in state participation has led to the delivery of more than \$1 billion in projects.
- Missouri has utilized innovative procurement such as design-build and delivered more than \$1 billion in projects.

When we as a nation make significant investments in our transportation infrastructure, it generates a multi-decade return on that investment to all sectors of the economy in the form of improved productivity and quality of life. The current fiscal environment does not require a rapid deployment of public dollars to resuscitate the national and global economy like what we saw in 2008. Rather, right now is the opportune time to secure our economic future for the long-term based on a thorough modernization of the public capital stock in our transportation system. As such, the federal investment—whether through an infrastructure plan or FAST Act reauthorization—must focus on programs and projects that generate the most benefits through the entire lifecycle of the asset, rather than mandating short spending deadlines which will lead to less efficient use of taxpayer dollars due to project sponsors' inability to address longer-term needs.

To demonstrate the purpose and urgency of transportation investment and the call to action for Congress, please consider a single bridge in central Missouri – the Rocheport Bridge. The transportation challenge and engineering need for the Rocheport Bridge is simple – the bridge is 60 years old, and with rehabilitation (for a fourth time), it will last only 10 more years and then it must be replaced. MoDOT has programmed only \$14 million for the fourth rehabilitation in 2020 as the only option, due to funding constraints. Replacement is estimated to cost well over \$200 million. Rehabilitation, however, is not preferred and has several negative economic and operational consequences. Traffic models predict that rehabilitation would close lanes for seven to nine months with three- to eight-hour backups (some 25 miles long) depending on the extent and number of incidents on any given day. Commuters, and industries that rely on just-in-time suppliers and workers, will suffer irreparable financial losses and state's ability to attract new industry will be negatively impacted. These delays are unacceptable on a corridor that serves as the main artery through the nation's heartland. Also, Rocheport Bridge is located just 11 miles west of Columbia - home to the region's only Level 1 Trauma Center and the University of Missouri, Columbia – the State's flagship university.

Rehabilitation also puts construction crews and drivers at risk. **Traffic delays and increased risk during rehabilitation are estimated to cost the public more than the cost of a new bridge.** From a national and regional point of view, the need translates into uninterrupted economic prosperity. The Rocheport Bridge, quite literally, links Kansas City and St. Louis to each other and to the rest of the United States. **Any** delay at Rocheport Bridge negatively impacts the regional and national economy. For example, Ford's Kansas City auto manufacturing plant,

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which produces the F-150 and Transit Van, is the largest Ford plant in the world, based on units produced. With this volume, the need for uninterrupted suppliers is crucial.

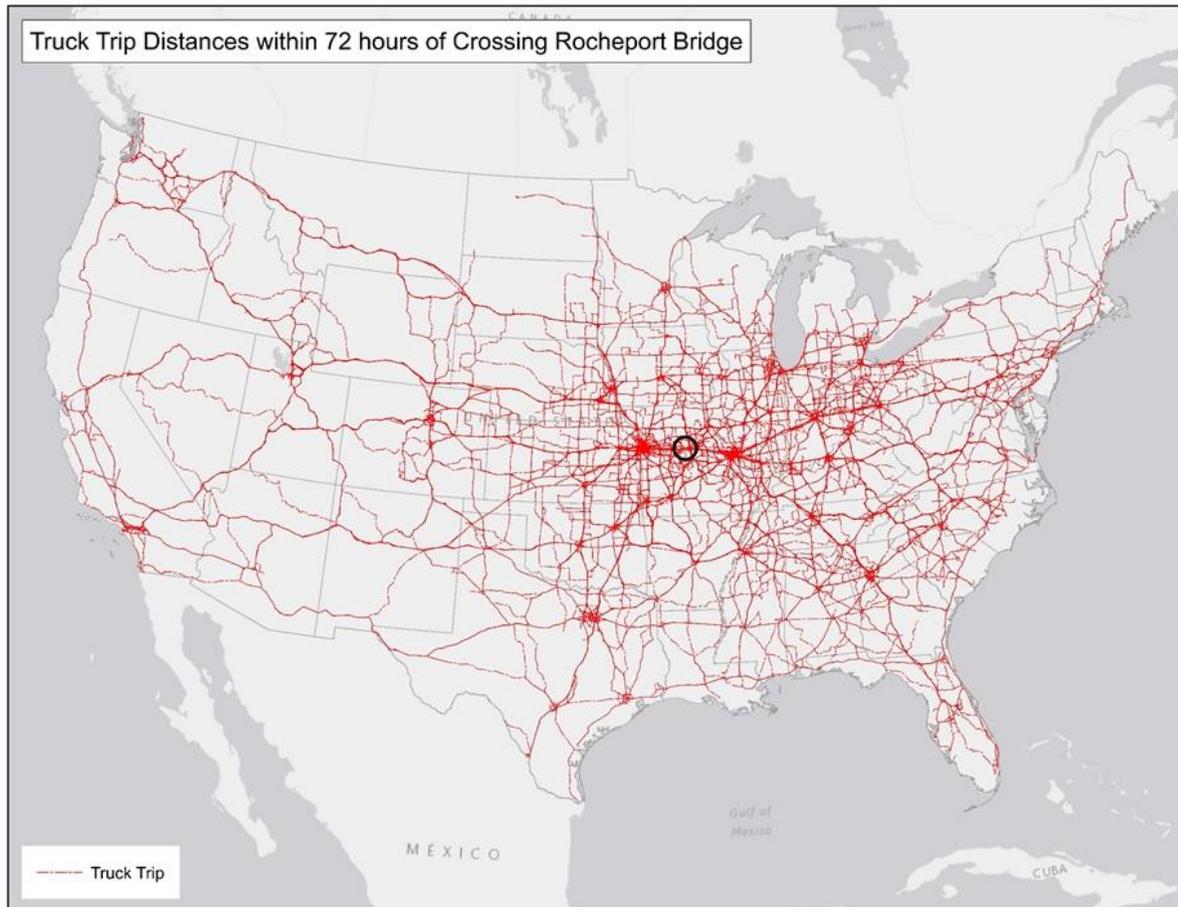
Below are images created at MoDOT's request by the American Transportation Research Institute (ATRI), which was formerly affiliated with the American Trucking Association (ATA).

These images use probe data from GPS, cell phone, and Bluetooth devices associated with commercial motor vehicles to outline travel patterns for trucks that use the Rocheport Bridge in both eastbound and westbound directions. This "select link" analysis depicts Rocheport at the center of national freight flows using the bridge on a 24-, and 72-hour basis.



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These graphics demonstrate the nationally impactful nature of strategic investment in seemingly local transportation assets. We are more connected now than ever before by our infrastructure and we must rise to the challenge to renew and revitalize this national asset.

To further build on the solid foundation of our current federal surface transportation policy, we believe that it is now time for all transportation stakeholders—led by Congress and the President—to begin work on reauthorizing the FAST Act, and to ensure a smooth transition upon the FAST Act’s expiration on September 30, 2020, without the need for disruptive extensions of the program. Under the direction of AASHTO’s Transportation Policy Forum that I chair, the state DOTs last year initiated an extensive 18-month effort to develop and adopt reauthorization policy recommendations by October of this year. It is a bottom-up process, where we are currently in the process of gathering expert input from our wide range of technical committees and councils comprising leaders from all state DOTs. We’re also seeking our industry partners’ input during this process prior to our formal adoption in October in order to maximize the inclusivity of perspectives in our policy recommendations to come.

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As FAST Act reauthorization gets under way, we urge the Committee to recognize that federal funds should continue to be provided through the existing formula-based program structure directly to states rather than looking at untested new approaches that will require more time and oversight. For over one hundred years, we as a nation have enjoyed the fruits of the federal government's highly successful partnership with state DOTs to build and maintain our surface transportation system. That partnership should be continued and strengthened in any new federal transportation legislation.

The Federal-aid Road Act of 1916 established the foundation of a federally-funded, state-administered highway program that was—and still very much is—well-suited to a growing and geographically diverse nation like ours. Under this model, federal investment in all modes of transportation have allowed states and their local partners to fund a wide range of projects that serve the interest of the nation as a whole. The federal formula program's inherent flexibility defers project selection and investment decision-making to state and local governments based on extensive public input from local communities and businesses to address their needs and ensure goods get access to a larger market than ever before.

Putting the formula program that built the Interstate Highway System and the National Highway System—the backbone of our national network of roads and bridges that drive our national economy—to work as the linchpin of the next surface transportation legislation represents the optimal approach to serve all corners of our country, improving mobility and quality of life in urban, suburban, and rural areas.

I would be remiss if I didn't raise the issue of the \$7.6 billion rescission of unobligated highway contract authority to take effect on July 1, 2020, as a means to bring the spending baseline back to pre-FAST Act levels on paper. Unfortunately, the contract authority rescission is a budgetary artifice that at best impedes the flexibility of state DOTs to meet their individual infrastructure needs by disrupting transportation planning and timely delivery of projects; and at worst, the cumulative effect of rescissions—with over \$22 billion enacted since 2002—can wipe out the entire balance of contract authority held by states which will lead to hard funding cuts to federal dollars authorized under the FAST Act.

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ACCELERATING PROJECT DELIVERY TO IMPROVE MOBILITY AND PROTECT THE ENVIRONMENT

Over the past decade, significant progress has been made toward the goal of streamlining environmental reviews for transportation projects. This progress has been spurred by streamlining measures enacted in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), Moving Ahead for Progress in the 21st Century Act (MAP-21), and the FAST Act. But even with this progress, the environmental process still takes too long and is unduly costly and delay-prone. Some of the most persistent difficulties arise from the interaction among the National Environmental Policy Act (NEPA) and other federal environmental laws. To achieve further streamlining, focus must be paid to not only making continued improvement in the NEPA process itself, but also in making the NEPA process work more efficiently with other federal requirements, all while remaining responsible stewards of taxpayer resources and both human and natural environments.

AASHTO believes that tremendous benefit can be unleashed by assigning decision-making authorities traditionally assumed by the federal government to those states that both desire them and are willing to be held responsible. Currently, Alaska, California, Florida, Ohio, Texas, and Utah are participating in the NEPA assignment program made available to all states in MAP-21. Based on our collective experience, specific changes that will make this program both more efficient and attractive to interested states include:

- Simplifying the assignment application and audit processes;
- Allowing states to assume all of the responsibilities of the USDOT with respect to engineering and other activities related to environmental review, consultation, permitting or other action required under any federal environmental law for project review or approval,
- Allowing states in this program to be solely responsible for the development of their policies, guidance and procedures so long as federal laws and the USDOT requirements and guidance are met,
- Removing the pre-condition for a state to have taken on NEPA assignment for highways prior to being able to take on NEPA assignment for rail and transit projects, and
- Adding NEPA assignment authority to Title 49 to allow states to assume the federal NEPA responsibilities of any USDOT modal administration.

Beyond NEPA, AASHTO has identified a number of touchpoints where states can make determinations in lieu of seeking FHWA approval, including federal funds obligation management, project agreements, right-of-way acquisition, preventive maintenance, repayment of preliminary engineering and right-of-way costs, and credits toward non-federal share, among many other possible areas of current federal oversight.

For states without NEPA assignment, USDOT and its modal administrations should be authorized to and enter into programmatic agreements under which state DOTs could take on increased responsibility for carrying out routine FHWA responsibilities during the NEPA process.

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It would be far more efficient to allow the state DOT to carry out routine interagency coordination tasks, while maintaining regular communication with USDOT. USDOT would retain responsibility for all final decisions, while maximizing the opportunity for state DOTs acting under USDOT oversight to carry out the procedures leading up to those final decisions. This increased efficiency would also free up USDOT's limited staff resources to focus on issues such as program oversight and major project decisions.

A recent and highly illustrative example from Missouri is the U.S. Route 54 Mississippi River Bridge replacement. To enable the bridge replacement, this project proposed to fill the "notch" in a federally authorized levee. A provision of the Section 408 permission process requires a written statement from the non-federal sponsor, in this case a levee district, endorsing the proposed alteration. To offset the hydraulic impact of filling the "notch", MoDOT along with the Illinois Department of Transportation committed to provide an opening under the bridge that would convey a 500-year flood event without raising the flood levels. MoDOT eventually negotiated with the levee district to reach agreement on the design flood frequency as proposed.

Without the letter of permission from the levee district, the United States Army Corp of Engineers will not grant the Section 408 permission (the approval process to ensure any alteration proposed will not be injurious to the public interest and will not affect the Corp project's ability to meet its authorized purpose), and subsequently won't issue the Section 404 permit associated with the Clean Water Act.

MoDOT met with representatives from the levee district numerous times in an attempt to resolve the issues, because the cost of additional conveyance would result in a longer bridge and would make it financially difficult to replace. While MoDOT managed to avoid project delays in this case, the letting was very close to being delayed, a delay which could have jeopardized receipt of a federal grant, which could have cancelled the project. MoDOT's suggested solution to address this problem would be for the Corp not to allow the letter of permission from the entity that has an interest in the federal levee to wholly dictate whether the applicant can complete the Section 408 permission process. The letter of permission should be a consideration in the Corp's decision making process, but it should not be the item that ultimately determines the permission can be issued.

Another streamlining measure is to authorize any federal agency to apply a categorical exclusion (CE) that has been adopted by any other federal agency, which would make CEs interchangeable among all federal agencies. For example, the Corps could apply a CE from FHWA's CE list. Under current NEPA regulations, each federal agency adopts its own list of CEs applicable to actions that the agency carries out. If multiple federal agency approvals are needed for the same project, and only one agency has an applicable CE, then that agency can issue as CE, but the other federal agencies must prepare an Environmental Assessment, slowing down the process unnecessarily. While an existing law allows any USDOT agency to use any other USDOT's agency's CE, this authority has two important limitations: (1) applies only to

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multimodal projects, and (2) it does not apply to agencies outside the USDOT. Allowing CEs to be interchangeable between federal agencies could significantly streamline project delivery.

In addition, although there are still improvements to be made within the NEPA process, a great deal of project delivery delay arises from the interaction with NEPA and other federal environmental laws, each with their own distinct procedures and requirements. Streamlining the NEPA process alone will not be successful without also streamlining compliance with the other federal environmental laws. To make the NEPA process work more smoothly with other substantive environmental requirements, USDOT and its modal administrations, along with state DOTs, should work with Federal environmental agencies to develop programmatic approaches to streamline environmental processes. Programmatic agreements greatly reduce the time and cost needed to meet environmental requirements, without changing the underlying environmental standards that projects must meet. Programmatic approaches have been used to help streamline many environmental requirements, but development of these agreements requires time and resources. To ensure success in developing programmatic agreements, Federal resources should be dedicated to this effort.

Finally, to foster the development and testing of new, innovative practices and approaches aimed at expediting project delivery while maintaining environmental protections, we ask Congress to consider establishing a project delivery innovation program. Thanks to the states' partnership with FHWA, we're making a great case for such a program by testing out the concept through Special Experimental Project—or SEP-16—which seeks proposals for delegation of various FHWA responsibilities directly to States.

There is a wide range of potential applications if SEP-16 criteria can be met. Some possible examples include:

- States approving modifications to Stewardship and Oversight agreements without preapproval by FHWA, subject to FHWA's ongoing oversight of the State's compliance with federal requirements;
- States taking the full responsibility for approving a new or modified access point on the Interstate System, and;
- States developing a definition for "high risk" Interstate projects that allows States to assume the full range of responsibilities for these efforts.

In addition, we're continuing to work with states to build on assignment of authorities related to environmental review, consultation, and permitting. Some additional assignment opportunities could exist for floodplain and noise policy determinations.

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I want to emphasize that building on this type of flexibility in a full-fledged project delivery innovation program must include appropriate safeguards to ensure adherence to federal environmental policy goals. For example, all federal agencies required to consult on a project would need to agree to the inclusion of the project in the pilot program, consulting resource agencies would need to determine that equal or improved environmental outcomes would be achieved, and no agency would be allowed to override or modify requirements that fall within another agency's authority. A program of this scale would require new legislative authority for federal transportation and regulatory agencies to allow them to modify their own requirements to develop innovative practices that streamline project delivery and achieve positive environmental outcomes.

CONCLUSION

State DOTs remain committed to assisting Congress in the development of strategies to ensure long-term economic growth and enhanced quality of life through robust multimodal transportation investments. Just last week, hundreds of State DOT leaders from all corners of our country were only a couple of blocks away attending AASHTO's 2019 Washington Briefing. Over four days of productive discussions, many of my colleagues were on Capitol Hill meeting with their respective Congressional delegations. As they did then, and as I do again now, AASHTO and the State DOTs will continue advocating for the reaffirmation of a strong federal-state partnership to address our surface transportation investment needs.

I'd like to leave you with what I believe is a critical consequence to inaction when it comes to investing in highway infrastructure and accelerating project delivery. No matter what we might think, we cannot streamline our way into providing a safe and sound transportation system. We can't cut our way to buying steel, concrete, asphalt, equipment and labor. We must work together to move transportation policy in the direction of providing safety, service and stability for all.

Thank you again for the honor and opportunity to testify today, and I am happy to answer any questions.

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