GLYNN HAILS MULTI-MODAL APPROACH TO STATE TRANSPORTATION NEEDS
Calls for Strong Federal Role in Supporting Critical Infrastructure Investments

New York State Department of Transportation (NYSDOT) Commissioner Astrid C. Glynn today called Governor Eliot Spitzer’s proposed increases in funding for bridges, mass transit and railroads a sound investment in a multi-modal approach to meeting the state’s transportation needs.

In testimony before the Legislature’s fiscal committees on Spitzer’s proposed state budget, Glynn spoke specifically about funding increases for maintaining the safe operation of the state’s transportation network, meeting growing capacity needs, particularly in the state’s rail system, and supporting economic growth both upstate and downstate. Portions of this year’s transportation budget are part of the Governor’s Upstate Revitalization Fund.

“I believe it is essential that we reaffirm our commitment to one of the core foundations of our economy: a world-class transportation system. New York must continue to be served by a safe, modern, efficient transportation infrastructure that says to the world: we’re open and ready for business,” Glynn said.

“By strategically investing in transportation now, we can take major steps to ensure long-term job growth and to expand economic opportunity in the future. And Governor Spitzer’s Executive Budget proposes to do just that,” Glynn stated.

Glynn cited the tragic collapse of the I-35 Interstate bridge in Minnesota last summer in welcoming the Governor’s $140 million bridge initiative, terming it a “key element in a comprehensive strategy to achieve safer and longer lasting state- and locally-owned bridges.”

Glynn also singled out a proposed $170 million increase in both upstate and downstate mass transit systems and a $30 million boost in rail road funding as forward-looking investments for a modern, efficient multi-modal transportation network for the future.

Notwithstanding the state’s increased commitment to transportation, the commissioner said next year’s authorization of federal surface transportation funding legislation would be a critical time for the federal government to “step up” as full partners in supporting infrastructure investments.

Noting the 20-year assessment of transportation needs she unveiled last fall, Glynn said the department would be conducting a statewide series of forums in next weeks to gather public input in developing long-range plans to meet the state’s transportation challenges in coming decades.

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Note: Attached is a copy of Commissioner Glynn’s testimony before the Legislature’s joint fiscal committee budget hearing.
Introduction

Good morning Chairman Johnson, Chairman Farrell, Members of the Senate Finance Committee, Members of the Assembly Ways & Means Committee and other Senators and Members of the Assembly, I am Astrid Glynn, Commissioner of the New York State Department of Transportation, and I am very pleased to be here this morning to speak to you about the transportation components of the 2008-09 Executive Budget.

As we begin deliberations over this budget, it is clear that the State, and indeed the Nation as a whole faces significant economic challenges. The outlook for our financial markets and investment sector is clouded. Global competition threatens our industrial base. The rapid rise in energy costs continues to unsettle household budgets and boardroom decisions.

In these uncertain times, I believe it is essential we reaffirm our commitment to one of the core foundations of our economy: a world-class transportation system. New York must continue to be served by a safe, modern, efficient transportation infrastructure, an infrastructure that says to the world: we are open and ready for business. By strategically investing in transportation now, we can take major steps to ensure long-term job growth and to expand economic opportunity in the future. And Governor Spitzer’s Executive Budget proposes to do just that.

This year the Department of Transportation, the Metropolitan Transportation Authority and other transportation agencies in the State will deliver the fourth year of our five-year Multimodal Transportation Plan. That plan, laid out by the legislature in 2005, provides for prudent investment, balancing the realities of our State, Federal and local fund sources with the pressing needs of our highway, bridge, transit, rail, aviation and canal systems. It originally contained nearly $36 billion in funding through the DOT and the MTA, including the $2.9 billion in Bond Act funds approved by the voters.

But much has happened since 2005, and it is in this context that I will be speaking to you today about our accomplishments and the challenges we have faced in implementing this transportation plan.

I will also highlight the important new transportation investments that are proposed in the Executive Budget, including a new initiative designed to ensure the safety and reliability of State and local bridges, a record level of operating aid to transit systems and a new investment program to improve reliability on the rail corridor that connects Upstate with New York City. Finally, I will outline the steps we are taking to develop the next multi-year transportation plan – both on the State and Federal levels.

First, let’s talk about the current plan.

Delivering the Current Plan

At the end of the 2007-08 fiscal year, we expect that the Department of Transportation will have committed $10.4 billion of our current $18.8 billion capital program. Our investment has improved the highway system by repairing and rehabilitating 1,070 bridges and paving 7,270 lane-miles of...
our roads. Twenty miles of new sidewalks, 80 new crosswalks, and 12 miles of new on-street bike paths have been added to provide healthy and energy efficient alternatives for shorter trips within our communities. Sidewalk improvements to modern ADA standards were completed at 6,000 intersections and along nine miles of reconstructed sidewalk. Three hundred seventy-five culverts were replaced or rehabilitated to improve New York's surface waters.

Our program has complemented the MTA capital program by investing in other transit systems throughout the State, directly funding the purchase of 90 clean-fuel buses; by providing matching funds for the acquisition of hundreds more using Federal aid; by funding over 640 small buses used by non-profit organizations serving elderly clients and individuals with disabilities; by assisting with the acquisition of 350 vehicles in support of Upstate rural transportation services and by making a series of transit and ferry facility improvements around New York.

Our rail program has made strategic investments in rail facilities that offer an energy efficient and ecologically friendly alternative to highway freight movement. For example, with the support of $2 million in State funds, the Central New York Railroad was able to rehabilitate 80 miles of track between Binghamton and Port Jervis. This project included significant improvements to the signal system that will ensure safe operation on this route. We also invested over $6 million in several railroad projects that enable short line railroad operators to carry greater loads and to remain a viable freight movement option. Significantly, State funds helped the completion of the Falls Road Railroad's main line that supports incoming grain and outgoing ethanol from the State's first ethanol plant in Medina.

Regarding passenger rail, we have cleared the way for progress. With strong support from Governor Spitzer, the longstanding Amtrak litigation has been settled, and we can now resume work on improving the reliability of rail passenger service on the corridor that connects Upstate with New York City. Beginning in the next few months, Amtrak will be fully funding $6 million worth of important safety and service improvements under the George Washington Bridge, resolving a situation that has slowed trains traveling to and from New York City. The settlement sets the framework for improved cooperation between Amtrak and the State and will lead to improved, reliable service by Amtrak for the 1.3 million passengers who travel the Empire Corridor each year.

Our aviation investment program has improved safety and security at locally critical airports throughout the State. We have funded 55 security improvement projects and seven weather observation systems at general aviation airports, and we have provided capital funds to remove critical safety obstructions at more than a dozen airports.

While these accomplishments have brought many tangible improvements to our transportation system, they have been delivered in the face of some very significant challenges. In particular, construction inflation has taken an unexpectedly large bite out of the purchasing power of our program. Driven by runaway petroleum price escalation and unprecedented cost increases for steel and other materials, construction inflation as measured by the Federal Highway Administration’s Construction Bid Price Index grew by 19 percent in 2005 and 21 percent in 2006. If inflation were to continue at only the average rate of the last five years (which was 9.2 percent), by the time our plan ends in 2010, the value of the $10 billion originally programmed for highway construction would be worth only an estimated $8 billion in comparable project value.

Unfortunately, we cannot sustain inflation of this magnitude and still deliver as many projects as were originally planned for the five-year program. We have had to make many difficult choices in order to stay within the funding parameters of the plan. As a result, our ability to achieve the condition goals of the original five-year program is now in doubt. As I stated in my presentation of the Transportation 20 Year Needs Assessment at the Capital Budget Hearing last October, at current investment levels, we forecast that highway bridge and pavement conditions will steadily decline.
The growing complexity of project development and approval compounds our program delivery problems. In a recently issued report, the National Surface Transportation Policy and Revenue Study Commission found that, and I quote, “it takes too long and costs too much to deliver transportation projects,” a situation that the Commission concluded was driven largely by Federal requirements. Information compiled by the FHWA indicates that major highway projects take approximately 13 years to advance from project initiation to completion. A large part of this time is associated with the environmental review process. The median time to complete environmental impact statements (EISs) for highway projects varies from 54 to 80 months. Project development activities under the Federal Transit Administration’s (FTA) New Starts program experience similar delays. From 2002 to 2005, the average project development time was more than 10 years.

In light of the rapid increase in construction costs, delays in completing projects have become very expensive. Using the average increase in highway and bridge construction costs since 1997, if the average project development time for highway projects could be reduced from 13 years to six years, the cost of the project could be reduced by almost 40 percent. This savings could then be applied to other projects, substantially reducing overall funding needed for highway construction programs. The same would be true for other transportation modes as well. The Policy and Revenue Study Commission has recommended a series of Federal reforms to address these problems.

I can assure you that the Department of Transportation will continue to focus all available resources on the goal of delivering projects as soon as possible and as economically as possible, and that effort is strongly supported by Governor Spitzer’s budget proposal. Despite the State fiscal pressures we face, the Executive Budget maintains a record $773 million in funding for planning, development, engineering and management of our capital program.

In addition to supporting the delivery of the existing transportation plan in this budget, Governor Spitzer has proposed critical new investments that will strengthen our transportation system and our economy. Let me take a few minutes to emphasize their importance.

**Bridge Initiative**

On August 1, 2007, the attention of the nation was focused on Minneapolis, Minnesota when we all heard the horrible news that the I-35W bridge had collapsed into the Mississippi River, taking 13 lives. Because of the tragedy, bridge conditions suddenly became a front-page issue. Concern with bridge safety and reliability reinvigorated the national debate on infrastructure investment.

Governor Spitzer acted quickly and directed the State’s transportation agencies to assess all 49 of the bridges in New York State with designs similar to the Minnesota bridge, and to inspect any of these deck truss bridge that had not been inspected in the previous few months. In addition, the Governor called for a review to be undertaken of the State’s bridge inspection standards and procedures.

In a preliminary report issued by an interagency New York State Bridge Task Force on August 31 and a final report released on November 30, all deck truss bridges in New York State were found safe for travel by the public. The bridge inspection protocols used in New York also were determined to be effective. By law, every publicly owned bridge in New York is inspected at least once every two years, and many bridges are inspected annually, depending on use and condition. If a bridge is found to be unsafe, we close the bridge.

Notwithstanding the assurances in the report regarding the current safety status of our bridges, the report also found that our bridges and our entire transportation system is under stress from age, heavy use and lack of adequate investment. The system is currently safe, but the condition of many parts of our infrastructure, including bridges, is declining.
To improve the condition of the more than 17,000 State and local highway bridges in the State, the Department of Transportation is pursuing a three-part strategy. This strategy includes: 1) placing greater emphasis on preventive and corrective maintenance; 2) pursuing a strong Federal partnership under which the Federal government shoulders an appropriate share of the solution for bridges; and 3) incorporating a comprehensive bridge improvement program into the next State transportation capital plan.

That strategy commences now with Governor Spitzer’s proposal in this budget for a new $140 million State and Local Bridge Preservation Program. The new program is intended to improve bridge safety and longevity by funding preventive and corrective maintenance on both State and locally-owned bridges so that bridges in reasonably good condition remain so.

Not only is bridge maintenance a wise measure for safety purposes, but it is also a smart way to maximize the effectiveness of our limited public dollars. By investing relatively small amounts of money now in timely maintenance, such as bridge cleaning, joint sealing, rocker bearing maintenance and targeted structural repair, we can avoid much more expensive major rehabilitation or replacement projects later.

The Governor’s bridge initiative includes:

- $13 million for the addition of 10 new DOT bridge maintenance crews, along with equipment and supplies to perform year-round maintenance and repair on State bridges. Well trained and equipped bridge crews are our most cost-effective means to ensure that preventive maintenance is done at the right time and to remedy many of the problems identified in bridge inspections quickly. DOT staffing will be increased by 262 to reflect the new crews and supervisory personnel.

- It also proposes $63 million for capital maintenance contracts that will supplement the work of the DOT crews, focusing on heavier corrective maintenance and element specific repair work. A significant portion of the work will be accomplished through innovative contracting methods, such as job-order contracting, which establishes pre-determined costs for a variety of repair items, allowing the Department to respond quickly when work is needed. An additional $3 million is provided to support 64 new DOT staff for design, inspection and management of this new contract component.

- And the bridge initiative also includes $60 million for capital grants to local governments to enhance maintenance and repair of bridges owned by counties, cities, towns and villages. The new program will provide up to 80 percent of project costs and will be modeled after the successful 1988 ACTION Bond Local Bridge Program. An additional $1 million will support 13 new DOT staff to manage the local bridge program and assist localities in implementation.

This bridge program is a good first step in reversing the trend in deteriorating bridge conditions, but more steps are clearly needed. Our three-part strategy has two more important components.

We need a strong partnership with the Federal government. We are hopeful that Congress also will step up. The Federal Fiscal Year 2008 Omnibus Appropriations Act passed by Congress at the end of last year included $1 billion in additional funding for bridges nationally.

New York’s share of these additional bridge funds will be $100 million, a roughly 25 percent increase over FY 2007 funding levels. However, we will not know the net impact of the additional funding until the Federal Highway Administration issues new program guidelines. We do, however, assume that the additional bridge funds can be used like regular Federal bridge funds for...
preventive maintenance, rehabilitation and replacement of functionally obsolete and structurally
deficient bridges.

We will be looking for ongoing bridge improvement commitments from the Federal government as we work to authorize the next multi-year Federal transportation act that is due October 1, 2009.

The final component of our three-part bridge strategy is under development, as we work to include a comprehensive bridge program in the capital program that we are scheduled to submit to the Governor and the Legislature by March 31. That program will outline goals, strategies and investment levels required to address our bridge maintenance, repair, rehabilitation, replacement and construction needs for the five-year period beginning April 1, 2009.

Transit Aid

As we face record increases in fuel prices and strive to provide environmentally sound alternatives to automobile travel, our State’s transit systems offer viable and immediately available solutions to our economic and ecological problems. In the New York metropolitan region and in our larger urban areas, transit and commuter rail are already absolute necessities. In other areas of the State, robust transit systems are increasingly essential to maintain job access and quality of life for many communities.

Recognizing the importance of transit services to New Yorker’s, Governor Spitzer’s budget sets a new standard for operating aid to transit systems. For the first time, total transit operating aid will exceed $3 billion, increasing by nearly $170 million over last year.

The MTA, the world’s premier transit system will receive over $2.56 billion under the Governor’s proposal, an increase of more than $137 million. This unprecedented aid level is consistent with the assumptions in the financial plan approved by the MTA Board for 2008, helping to minimize (but not eliminate) the impact of energy cost increases and other inflationary factors on MTA’s bottom line.

Other transit systems throughout the State will receive $448.7 million, an overall increase of nearly $40 million that will help systems maintain existing services, despite the current economic environment.

This budget continues to grapple with a chronic shortfall of funds in our Upstate operating account that is the primary source of aid for approximately 74 transit systems in Upstate urban and rural areas. While our Downstate account has benefitted from a broad base of economically sensitive taxes sufficient to keep pace with the metropolitan area’s transit system needs, the Upstate account is limited to a single tax source, the Petroleum Business Tax, which has not demonstrated growth at the same rate as transit needs.

The Executive Budget repeats last year’s solution that was proposed and enacted by the Legislature to transfer available funds from other sources into the Upstate account on a one-time basis. While this approach provides us with adequate Upstate transit funding for the coming year, it is not a long-term solution. We look forward to working cooperatively with both houses to come up with a viable and permanent answer.

The Executive Budget allocation of funds to individual transit systems is, of necessity, constrained by the need to conserve State dollars and to avoid additional tax burdens on New Yorkers. The approach is based on a thorough and consistent analysis of what each system will require in the coming year at least to continue current services and fare levels. We took into account projected operating needs, reasonable inflationary increases and available reserves. While no system receives enough funds to meet all its needs, I believe this proposed budget represents a sufficient base to
support our systems in the coming year, and it provides a good starting point from which to explore enhancements, as we look forward to the next transportation plan.

**Passenger Rail Reliability**

In addition to increasing the budget for mobility through transit aid, Governor Spitzer has proposed a significant increase in support for inter-city passenger rail projects. Funded as part of the $1 billion Upstate Revitalization Fund, $30 million is provided to improve the reliability of rail connections between Upstate and New York City.

For many years, delayed departures and late arrivals have been all too common for riders on the main rail corridor between Albany and New York. So much so, that the viability of the line as an economic link between Upstate and Downstate has been undermined. Metro-North’s commuter service, commercial rail freight traffic and Amtrak’s intercity service each provide service on the same tracks in this busy corridor. Frequently, the competing demands of the service and the inability of the existing infrastructure to accommodate the traffic have resulted in significant and unexpected delays, disrupting the business of riders on the line.

Part of this problem can be solved with strategic investment in infrastructure, and Governor Spitzer’s proposal would begin to provide funding for projects between New York City and Albany such as the purchase and design of a rail yard in Poughkeepsie, installing rail sidings to improve traffic flow and Hudson Line signal upgrades. Specific recommended improvements will be prioritized in consultation with the Empire Corridor Working Group, which includes CSX Transportation, Amtrak, Metro North Railroad, the Empire State Passengers Association, the Canadian Pacific Railway, and Members of the New York State Senate Task Force on High Speed Rail.

We will also need to seek ways to strengthen cooperative operation and scheduling on the line among the various service providers.

**The Next Transportation Plan**

As we complete our current transportation plan and propose new investments for 2008-09, we are also engaged in a major effort to develop long-range plans. Earlier, I referenced the 20-year Multimodal Needs Assessment that I presented at the October Capital Budget Hearing. That assessment lays out the challenges, defines our long-range goals and quantifies the need for investment in our transportation system over the next 20 years. The needs assessment can be found on our DOT web site.

The financial conclusions are sobering. We found that to deliver a transportation system that will ensure safety, support economic growth, improve energy efficiency and enhance the quality of life for New Yorkers, we would need to invest approximately $175 billion in our multimodal systems by the time we get to 2029. That funding level is expressed in 2007 dollars, suggesting that the year-of-expenditure level will be much higher when inflation is taken into account.

It is clear that meeting our fiscal needs will be challenging, and it is likely that we will have to move toward the ideal investment level in incremental steps. This Executive Budget with its new funding for bridges, transit aid and passenger rail reliability is a good first step. The next step will come on March 31 when the Department is required to submit the framework, goals and funding parameters of the next five-year plan to the Governor and the Legislature for the period April 1, 2009 through March 31, 2014. This plan is required under the Congestion Pricing statute enacted last year and is paralleled by a similar plan required from the MTA. We anticipate that our March proposal will set the stage for a thoughtful debate on transportation priorities and initiate a cooperative effort to find the funding to meet our future needs.
In order to gather input and ideas for the plan, we will begin a series of public outreach forums across the State with interest groups, elected officials and the general public. With the assistance of local Metropolitan Planning Organizations, we will conduct nine forums, beginning on February 14 and concluding March 6. Six of them will focus on specific transportation themes, and three will address the overall 20 Year Transportation Needs Assessment. The six specific themes to be covered will include:

1. Mobility and Accessibility,
2. Environment and Energy,
3. Transportation and the Economy,
4. Rail and Freight Transportation,
5. Traffic Congestion, and

A major component of the funding for our long-range needs must necessarily come from the Federal government. Nearly half of our current highway program and 25 percent of our transit capital costs are now funded with Federal aid. Just as we in New York are on the cusp of a new multi-year transportation financing plan, so is Washington. The current Federal Transportation Act, known as SAFETEA-LU, expires on September 30, 2009, and it is critical that we mount a vigorous campaign to increase Federal transportation funding and to ensure that the programs under which funding is administered are right for New York.

We propose to lead that effort by establishing clear goals for the next Federal Act. These include:

- **Maintaining a strong Federal role in transportation.** The current White House has been systematically working to reduce the role of the Federal government in funding transportation, trying to shift responsibility to states and localities. Transportation is a national system that serves national needs and must be adequately funded at the national level.

- **Federal transportation policy must support national economic, environmental and energy goals.** The current Federal highway apportionment formula is based primarily on gasoline consumption. The Federal transportation program should instead provide incentives for smart energy and environmental policy and reward states like New York, with the lowest per capita gasoline consumption in the nation.

- **Diversify the sources of Federal revenue for transportation.** While we agree that, for the short term, we must continue to rely on the Federal gas tax to fund highways and transit, we must begin to work now to diversify the sources of Federal revenue for transportation. Diversification will help us establish more secure long term funding sources, allow us to link the benefits derived from transportation with broader sources of economic activity and support smart energy and environmental policy. It can also help us finally secure a dedicated source of Federal funding for rail.

To move forward on these goals, we will work with our Congressional delegation, and we are forming an Interagency Reauthorization Task Force comprised of DOT, the MTA, the Thruway Authority, the Port Authority of New York and New Jersey, the Department of Environmental Conservation, the Empire State Development Corporation, the Division of the Budget, the Department of Motor Vehicles, and the New York State Energy Research and Development Authority.

We will need the support of all of you, working individually, collectively, and through national organizations such as the Council of State Governments (CSG) and the National Conference of
State Legislators (NCSL) in this fight. Over the next year, there will be a series of Congressional hearings, forums, and policy workshops statewide, in the Northeast region, and nationwide. We all need to work together to secure a strong Federal transportation bill.

We must also come to terms with the challenge we face regarding long-term State funding for transportation. Our primary source for the Department’s capital program is the Highway and Bridge Dedicated Trust Fund. Unfortunately, program levels and spending from the Fund have never been matched by the amount of revenue that we deposit into the Fund. We have consistently closed this gap between revenues and program spending with bonding, resulting in a cycle of debt and debt service levels that are forecast to consume nearly half of our $2.1 billion of dedicated revenues by the 2009-10 fiscal year.

Debt financing may make perfect sense for many projects – particularly once-in-a-generation projects, system expansion or to jump start investment to beat the pace of inflation. But, we have been employing debt to finance our most routine core work.

As a result, the original promise of a Dedicated Fund that is a stable and recurring source upon which to base long-term transportation planning has not been met. We look forward to working with you over the next year to find a ways to remedy this chronic problem and to reduce the impact of debt on our programs as we develop the next plan.

Let me add that, in regard to the development of the next plan, I will likely suggest considering some flexibility in choosing the kinds of investments that will solve our transportation problems. Sometimes, the solution to highway congestion is best achieved through a rail or transit improvement. Often, a change in the way we conduct operations or manage traffic on a segment of highway will have more positive impact than a construction project. The way we coordinate and schedule transit services may have as much impact as an increased investment in rolling stock. Given the magnitude of the need we face, it is clear that we cannot simply rely on the old ways of doing business if we expect to succeed. We must be innovative.

Conclusion

Let me assure you that I plan on working very closely with each of you and assisting you in any way possible as we move forward to finalize this Budget and to develop the next transportation plan. We will need your input, creativity and leadership in the difficult process ahead.

This concludes my remarks. I would be happy to answer any questions you may have.