Statement of
Los Angeles Mayor Eric Garcetti
Before the
House Committee on Transportation and Infrastructure
Hearing on "The Cost of Doing Nothing: Why Investing in Our Nation's Infrastructure Cannot Wait"
February 7, 2019

Chair DeFazio, Ranking Member Graves, and Members of the Committee — my name is Eric Garcetti, and I serve as Mayor of Los Angeles and as Chair of the U.S. Conference of Mayors' Infrastructure Task Force.

I am honored to appear before you and this Committee on behalf of my city and the greater Los Angeles region – a true infrastructure capital in America – home to the biggest port complex in the Western Hemisphere, the country's busiest origin and destination airport, and the largest local transportation investment in U.S. history, times two. In L.A., we understand that our infrastructure is the foundation for not only how we move goods, cars, and families, but for the long-term strength of our economy.

I am proud to add my perspective as a mayor, as a representative of local leaders who live where we work; who see the impact of our policies and our actions in our own neighborhoods every day; who deal with the current state of America's infrastructure on our own streets – whether that means filling potholes, repairing bridges, expanding mass transit, or securing a clean and reliable water supply. Mayors are responsible for all of it, and we are willing and eager to be your partners in realizing our shared vision.

We come together this morning at an exciting moment for infrastructure. Fifty years from now, when we look back on what we did and achieved for our constituents, I truly believe we will remember this time as a turning point, and this Congress as the body that finally set us on course to developing the 21st century infrastructure our nation needs and our people deserve.

But we also have to recognize that seizing this moment is about more than roads, bridges, trains, pipes, broadband, and treatment systems. It is about building our physical infrastructure while giving birth to homegrown industries and creating well-paid, middle class jobs that don't require an advanced degree, can't be outsourced, and don't disappear in the event of a recession or economic downturn.

And if we want to do this right, there are clear ways to maximize our resources and meet our common goals. Congress should reward innovation, ensuring new technologies for reducing traffic, cutting emissions, improving goods delivery, facilitating the arrival of scooters, boring tunnels, and bringing electric and autonomous vehicles to our streets are all developed here in the United States.

The federal government should leverage its sizable role in the marketplace and in infrastructure development, utilizing local dollars and engaging private sector partners, to extend our investments in urban and rural areas nationwide.

What's more, every one of us in public life – in the U.S. Capitol and the White House, in state legislatures, and in city halls – must never lose sight of the long haul. That means focusing on immediate maintenance of our subways, rail lines, pipelines, and more, while keeping a keen eye on how we can establish steady, lasting revenue streams so our infrastructure does not fall into dire disrepair in the future, with no rapid way to fix it.

Los Angeles and cities in nearly every region have started to take this approach, looking not at one- or two-year projects, but 50- or 100-year timelines in how we address our transportation needs.

Many of us are a part of the non-profit Accelerator for America, an outfit that brings local innovators, businesses, and unions together around smart ideas to strengthen people's economic security and foster infrastructure development. This organization recently surveyed 1,000 Americans and found that infrastructure ranks third in importance behind health care and job creation, and it moves up to second among problems the public wants us to solve together, Democrat and Republican, in a bipartisan way.

All of us are prepared to be this Committee's best allies in making this a national cause, so we can strengthen our middle class, ensure better and faster goods movement, and improve the quality of life for all Americans.

<u>The Need for Action -- and the Consequences of Delay</u>

Our task should begin with the creation of a National Infrastructure Program, which would help usher in a new era of prosperity, innovation, and economic health for our nation. And it would ensure the United States of America retains its economic leadership and prosperity in the 21st century.

Failing to make long-term investments has serious consequences. A recent assessment by the Los Angeles County Metropolitan Transportation Authority showed that a one-year delay results in cost increases of at least 3.5% for capital projects. That translates to $35 million of increased costs for every billion in planned spending for highway and transit projects. The Los Angeles Metro's Fiscal Year 2019 Budget includes over $2 billion in capital funds for transit expansion, regional rail, and highway projects. If there was even a one-year delay on these projects, it could increase costs by $70 million.

At the end of the day, that is $70 million that federal and local taxpayer dollars will have to make up – one way or the other. The bottom line is this: once a project is shovel-ready – having cleared all local, state, and federal rules and regulations – the key decision is how rapidly we can move these projects into their construction phase. The more these projects are delayed, the more they will cost.

The financial implications of delays are not the only risk. Throughout the west, we face rising temperatures, longer and more frequent droughts, and more intense wildfires in the wildland-urban interface. We see the impacts of climate change firsthand and know that innovative infrastructure investment will help us mitigate and adapt. Our water, housing, and energy futures demand it.

This is why many of America's cities are already taking action.
In Los Angeles, we are accelerating our transportation infrastructure with *Twenty-Eight by '28*, an initiative to deliver 28 major transportation projects by the 2028 Olympic and Paralympic Games. *Twenty-Eight by '28* is about building a countywide transportation network that includes subway, light rail, bike facilities, and highway bottleneck improvements. We will need the federal government to partner with us so we can deliver all these projects by 2028. This will require securing federal New Starts grants, low interest loans like TIFIA, and other financing strategies that have proven to be effective. But we will not ask for federal construction with an empty hat. We will bring money to the table to help leverage every federal penny to maximize the *Twenty-Eight by '28* program.

Los Angeles is also investing $2.6 billion to upgrade its port's infrastructure to accommodate new and larger classes of container ships, and to accommodate increased cargo volumes. But our Port, the nation's largest, is part of an intricate, national supply chain and freight system – which needs access to a robust, dedicated funding program. The case for federal investment here is clear: U.S. global competitiveness requires sustained investment in an efficient and reliable multimodal freight system that connects our nation's production centers, both urban and rural, to markets around the globe.

But our freight system is underfunded. In the Southern California region, there is a $2 billion-a-year freight infrastructure funding gap. The American Association of Port Authorities estimates $66 billion in unmet port land-side and water-side infrastructure needs nationwide. The costs of ignoring investment in our ports and freight system are increased congestion, declining productivity, and lost jobs.

A strong federal partnership can address much of this. Discretionary programs like BUILD and INFRA are well spent on our maritime gateways because of their national economic impact and ability to attract non-federal investment. We also know that full and strategic use of funding sources like the Harbor Maintenance Tax can unlock the potential of the nation's ports, both large and small, donor ports and traditional dredge ports.

In my city, the Port of Los Angeles is spending aggressively on a multimodal transportation and digital infrastructure, using a combination of private and state funding, as well as its own shipping revenues. A strong federal partnership can leverage more investment in these areas and ensure our ports continue to operate efficiently with minimal environmental impact.

We are investing more than $14 billion at LAX to upgrade every terminal and to completely reconfigure access to our airport, which will include a seamless connection to our Metro Rail system. Still there is more that we can do to ensure LAX is ready to welcome the World to the 2028 Olympics. Passenger Facility Charges (PFCs) are extremely flexible and versatile, and they can be used to fund airfield, terminal, and ground access projects. A $4 PFC increase would provide for $1.5 billion in additional capital development projects at LAX, such as reducing aircraft taxi times and thus reducing emissions. We are already extended on our collection of PFC's through 2046 for projects that have already been completed or are underway. We urge Congress to approve a reasonable increase in the PFC cap now.

L.A. will invest $15 billion in the next ten years in water treatment, storage, and distribution. We will clean up our groundwater, build out our recycled water systems, and provide incentives for businesses and residents to capture and reuse. By 2035, 50% of L.A.'s water will be local. If you know anything about California water politics and conveyances, you know this is an ambitious and necessary directive – one that will increase L.A.'s resilience to climate change and earthquakes.

Angelenos and Americans across the country recognize that clean and reliable water is a top priority. This past November, the residents of L.A. County voted to support Measure W – a parcel tax which will raise $300 million a year for local water projects that capture stormwater, clean up rivers, and green our communities.

And we are already at work executing our $120 billion infrastructure plan — to create a truly comprehensive rail network, ease congestion on our freeways, and fix our local roads.

This kind of nation-leading investment isn't just happening in L.A.

In 2016, voters in Austin, Texas, passed "Proposition 1" to upgrade their transportation system. Charleston County in South Carolina gave their "transportation initiative" a green light, and voters approved the "Sound Transit 3" ballot measure in Seattle, Washington.

In 2018, according to the Eno Center for Transportation, voters considered at least 314 transportation-related measures totaling $50 billion in transportation investments for roads, bridges, transit, airports, seaports, cycling, and pedestrian paths. The biggest were in Broward County, Florida, which approved a 30-year, $16 billion measure to support road, bus, and rail upgrades, and Hillsborough County, Florida, which approved a $9 billion package for transit.

Altogether, since 2016, cities, regions, and states have voted to invest nearly $250 billion to modernize their infrastructure. Some say that this is evidence the federal government does not need to play a role – that cities and regions are just fine on their own. That conclusion is misguided. This local investment means that there has never been a better time for federal partners to take action on nationally significant projects. Matching those local dollars with an increased federal investment and creating an environment for public private partnerships will ensure that we can reach our goals and reverse the decline that has plagued us for too many years.

But there are cities across America that still rely on decades-old infrastructure that was wholly or substantially funded by the federal government through initiatives like the Works Progress Administration and the Interstate Highway System. We know this infrastructure, which fueled decades of growth, is aging and requires drastic improvement.

As we seek to upgrade this infrastructure, we should also seek to create a new model for federal infrastructure spending that incentivizes local and regional funding commitments, invests in the future, and fosters innovative new approaches. I call this "I-3" – incentivize, invest, and innovate.

I-3 is one viable path to achieving a truly robust national infrastructure program. This is something that every American can rally around, and will benefit from – including urban, suburban, and rural areas.

First, we must *incentivize*.

Existing federal programs such as New Starts and INFRA are already combining with local funding streams to build, accelerate, and expand projects. These programs prove that the local-federal partnership model can be successful, and must be maintained. They are the foundation upon which a national infrastructure policy must be built.

We must also expand direct federal infrastructure funding.

Local entities cannot do this critical work of expanding access to mass transit and upgrading our nation's roads, freeways, and bridges on our own. A national infrastructure package can further incentivize local entities to generate more of their own revenue — and not just for the sake of spending the way that we've funded infrastructure for the last 50 years.

Second, we must *invest* to build our projects so they perform in the long-term.

Too often we only care about ribbon-cuttings and groundbreakings. The federal government should reward states and cities for ensuring their assets perform to the level that the public expects — focusing on longer-term lifecycle needs, and using innovation and new technology to deliver results whenever possible.

Last, we must *innovate*.

Public-private partnerships, in many cases, are a particularly good way to deliver ongoing performance, and they also allow the public sector to leverage private funding to help deliver projects sooner and more efficiently with performance guarantees. Project delivery approaches such as design-build-operate-maintain and CM/GC can reduce costs and deliver projects faster, while public tools like TIFIA and RIFF will be critical to many P3 projects.

While P3s will not be a viable delivery strategy for many projects, a National Infrastructure Program must not be too prescriptive; rather, it should help cities and regions take innovative approaches.

I look forward to working with this committee to help deliver that future for the American people, and cities across this country.

Measure M – An Unprecedented Transportation Infrastructure Program

Measure M is the largest transportation initiative in the history of the United States — times two. Measure M is expected to generate $860 million a year in 2017 dollars. It will help expand our rail and rapid bus transit system, accelerate rail construction, and improve our system connectivity throughout the County of Los Angeles. It will stitch together the rail network needed to connect every resident in the L.A. area. A total of 15 rail and bus rapid transit projects will be built under Measure M. These projects include the acceleration and completion of our Purple Line subway extension, light rail connections in the San Fernando and San Gabriel Valleys, and the vital connection to LAX. The Purple Line extension would connect the two largest job centers in the state of California, downtown Los Angeles to the UCLA/Westwood area, and the project will be ready by 2027, a year before the arrival of the Olympic and Paralympic Games.

Measure M also funds projects to build and fix 14 major highway projects. It aims to tackle some of the most congested corridors and roadway bottlenecks in the nation. For example, the measure will help modernize Interstate 710 Long Beach Freeway, a vital transportation artery that links the Ports of San Pedro Bay to major distribution centers. Thousands of trucks use this corridor every single day. The construction of this project will improve air quality, enhance traffic safety, and accommodate future economic growth to address our nation's freight movement needs.

Another important feature of the Measure M program is the local return program. Local return pays back all 88 cities in the County so streets are repaved, potholes are repaired, and traffic signals are modernized through synchronization. When designing the program, it was important to us that neighborhood streets and intersections would benefit.

But Measure M is not just about infrastructure transportation improvements. Measure M will add 466,000 new jobs across the entire Los Angeles County region. These are high-level and well-paying construction and technical jobs. I want to point out that these are not one-off gigs; they're career jobs that can support a family.

Local ballot measures are critical, but cannot meet our needs alone. A National Infrastructure Plan only works when the federal government is at the table.

Measure W

Measure W, a countywide stormwater measure, passed in November 2018 with 69.5% of the vote. It is a parcel tax based on square footage of impervious surface that will raise $300 million per year. Half the funds will be distributed to large, regional multi-benefit projects that can demonstrate a water quality, water supply, and community benefit. 40% of funds will be distributed to cities in the same proportion generated for water quality projects aimed to assist with Federal Clean Water Act municipal stormwater requirements. The remaining 10% is intended for administration, oversight, and technical support. The Measure was championed by L.A. County and the City of Los Angeles.

Keeping Existing Federal Programs and Maximizing Direct Federal Funding
Both the FAST ACT and MAP-21 have been incredible resources for both highway and transit projects for many cities and jurisdictions around the country. And we should keep all the current funding programs in place.

The Los Angeles County Transportation Authority, also known as Metro, has benefited from the Federal Transit Administration's Capital Investment Grant Program, also known as New Starts. Over the last five years, we have matched over $3 billion in federal New Starts grants with an equal amount of local Los Angeles County taxpayer dollars to build effective and efficient rail projects. The federal government should continue to support and fully fund the New Starts program — which has proven to be an outstanding steward of the American tax dollars. In my considered opinion, any effort to block future New Starts grants would be misguided and compromise a program that has proven its effectiveness over the last decade.

Los Angeles Metro has used nearly $2 billion in TIFIA loans to leverage Los Angeles County taxpayer dollars to finance four major transit projects over the past five years. The TIFIA program – which costs the federal government very little to maintain – has been essential in helping Metro and other transportation agencies across the nation take highway and transit projects from the drawing board to their construction phases.

Metro has been a national leader in matching TIGER grant funds with local dollars in order to maximize the impact of these valuable federal funds. Whether it was Metro's Rosa Parks Blue Line Transit Station — which secured a $10.2 million TIGER grant or the $15 million TIGER grant Metro recently secured to fix one of the most dangerous grade crossing projects in California (Rosecrans/Marquardt Grade Separation Project) – the TIGER grant program is a great example of how federal funds can be used to leverage local and state dollars. Congress would be wise to continue funding the TIGER grant program — which has benefitted both rural and urban cities across the nation since it was first authorized in 2009.

These programs have worked well in Los Angeles and many cities across the U.S. Do no harm is what I call it, meaning, it is essential that existing sources and uses of funds are not changed or eliminated. This means building on what we have and using the tools we have available. And, for many cities and their regions, the Surface Transportation Block Grant is vital to an expanded federal-local partnership going forward, delivering even more resources directly to Metropolitan Planning Organizations and regional planning agencies to advance necessary highway improvements benefiting cities and their regional economies.

Next Steps to Craft a National Infrastructure Program
Undoubtedly, all Americans share the view that we must upgrade our nation's infrastructure and that we must build and maintain projects on-time and on-budget. We agree that cutting red tape and streamlining projects is good to bring benefits to the public sooner. But for the U.S. to have the robust infrastructure we all envision and to be competitive at the global stage, a significant amount of new federal funding is

necessary. That is why Congress should identify and allocate new federal funds to yield greater returns and outcomes.
Los Angeles is not coming to the table empty-handed. We are fronting our own funding and asking for a stronger federal partnership. A program that incentivizes localities across the country to pass their own bonds and/or funding efforts, in the way L.A. and other cities have done, will create an incredible catalyst for a major infrastructure program. This means creating significant leverage by incentivizing infrastructure owners to secure and commit to their own revenue measures, bond programs, and other financing sources that will go well beyond traditional federal-state funding splits.

As mentioned before, there are tools that can help stretch every federal program, such as the Build America Bonds, TIFIA, and even a National Infrastructure Bank, which offer complementary frameworks. However, cities and states can do more with innovative public-private partnerships, and we welcome opportunities for us to partner with the federal government to leverage what localities are doing.

So as Congress gets closer to finalizing our funding strategy, we look forward to working with you to forge a new federal-local partnership that will create jobs, improve commute times, and build livable communities.

Conclusion

As I stated at the outset, this is a remarkable time for the cause of transportation and infrastructure. And as women and men who feel the impact of our investments firsthand, you can count on America's mayors to rally and campaign for whatever this country demands now and into the future. We will continue to stand united, across party lines, across state boundaries, across the business community and labor unions, around what is needed to get us over the finish line and toward an era of modern infrastructure.

Thank you once again, Chairman DeFazio and Ranking Member Graves for allowing me to be here today. I look forward to working with you to identify innovative ways to address our nation's infrastructure needs.

Thank you very much.

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