Testimony of Peter M. Rogoff
Chief Executive Officer
Sound Transit

Building a 21st Century Infrastructure for America
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Chairman Graves, Ranking Member Norton, Members of the Subcommittee, my name is Peter Rogoff and I have the privilege of serving as Chief Executive Officer of Sound Transit. While I have appeared before the subcommittee in the past in other roles, I'm particularly pleased to appear before you today to bring the perspective from one of the nation's fastest growing economic engines to discuss how we build a national infrastructure for the 21st Century.

Sound Transit provides commuter rail, light rail and express bus services throughout the Puget Sound region. We already rank as the number one commuter bus operator in the United States and we are now, through the vision, votes, and self-sacrifice of the region's taxpayers, poised to expand over the next 25 years into a regional network spanning 116 miles of light rail as well as expanded commuter rail and bus rapid transit lines.

In just the last five years, our overall ridership has increased 68 percent while our light rail ridership has increased 150 percent, taking more than a hundred thousand cars off of our ever worsening congested highways each day. By the end of our 25-year capital program just approved by voters, our ridership is expected to grow to an estimated 500,000 riders per weekday, triple what our system ridership is today.

Building a 21st Century Infrastructure

Any discussion of building a 21st Century Infrastructure must begin by conceding that nationally we are on a trajectory where conditions in both the highway and transit modes will only worsen as the century progresses. Due to inadequate funding from all levels – federal, state and local – conditions can be expected to deteriorate even while the nation struggles to absorb rapid increases in population and congestion, as well as changing settlement patterns.

For this and many other reasons, we are heartened by the discussion of a major new infrastructure initiative coming through Congress that holds the hope of reversing these trends and addressing the infrastructure needs of a changing nation.

In his first address before a Joint Session of Congress back in February of this year, President Trump put forward a vision where,

> "Crumbling infrastructure will be replaced with new roads, bridges, tunnels, airports and railways gleaming across our very, very beautiful land."

We at Sound Transit, and rail transit agencies across the nation very much want to deliver on his vision for new gleaming railways. In fact, at Sound Transit, today we are constructing light rail extensions as well as commuter rail improvements – some with modest levels of Federal assistance and some without.

While we are encouraged by the President's stated goals, we have been disappointed by budget proposals from the Administration that appear to undermine them. Most notably, the Administration's amended Budget for 2017 as well as its Budget for 2018 seek to completely terminate the Federal program which, for half a century, has allowed us to seek Federal partnership in expanding transit capacity in metropolitan areas across the nation. This is precisely the kind of investment that provides the rapidly growing number of residents flocking to our economic centers a path out of ever-worsening highway traffic. The budget proposals appear to ignore the benefits that transit projects bring to the national highway network. By removing millions of cars from the roads each day, public transit makes our highways work better. Eliminating transit expansion means more congested highways and less efficient movement of people and freight. Absent a mix of solutions that include transit expansions, worsening road congestion threatens to choke off our nation's needed economic growth.

At the same time, the Administration has made other statements regarding its infrastructure initiative that we can applaud and endorse – statements about the value of overmatching Federal funds; statements about the opportunities presented by an expanded TIFIA program; and statements about the importance of apprenticeship programs to ensure that we have a skilled workforce to rebuild the nation.

The Administration has made it clear it will not be submitting a detailed legislative proposal on infrastructure and will instead submit a set of principles. If that's the case, then this Committee and others in Congress will very much have the pen in charting the course of this important effort. For that reason, I commend you for having these hearings to hear from practitioners on the ground as to what is truly needed. And in that spirit, I would offer the following recommendations for any comprehensive multi-modal infrastructure.

New Initiative Should Supplement, Not Supplant, Base Funding

If we are to truly make progress on the deferred maintenance and expansion needs of our surface transportation infrastructure, then funds provided through the initiative must not just substitute for the base level of funding authorized through the FAST Act and provided through Appropriations Acts.

While this may seem self-evident, it is particularly important for rail transit agencies who must expand to meet current and expected population surges. Under the Administration's budget request for 2018, the funding level sought for major transit expansions not already covered by a Full Funding Grant Agreement (FFGA) with the Federal Transit Administration (FTA) is effectively zero.

At Sound Transit, we have been working with the FTA for years to secure Full Funding Grant Agreements for two extensions of our light rail spine – one running north from Seattle to the City of Lynnwood and one running south to the City of Federal Way. We are on track to receive an FFGA for our Lynnwood Link Extension project in 2018 and for our Federal Way Link Extension in 2019. Federal funding to our region for those two projects alone – not to mention others we are prepared to bring forward in the next ten years – would amount to about $1.4 billion.

It is hard to imagine that any broad federal infrastructure program will be large enough to deliver an equivalent amount of money to our region for transit expansion in that period. So even if Congress passes an infrastructure package, we will be worse off in terms of our federal partnership if current capital grant programs are not retained.

We are joined by several similar projects in states and regions around the country that seek to meet expanded demand, and we are relying on a strong federal partner in those efforts.

Together with those regions, we in the Puget Sound were heartened to see bipartisan and bicameral support for rejecting the Administration's proposed reductions in the Capital Investment Grant program for fiscal 2017. We are hopeful for a similar outcome in the fiscal 2018 process.

In addition to rejecting the Administration's budget proposals, Congress can also take a positive step that will help improve the flow of funds for transit expansion.

I would ask the Committee to consider reversing a decision that was made in SAFETEA-LU to fund the entire Capital Investment Grants program out of the General Fund while funding transit formula grants entirely out of the Mass Transit Account of the Highway Trust Fund. At present, major transit expansion projects must compete against all other domestic discretionary functions under a very tight funding cap while highway expansions financed under the Federal-aid Highway program do not. Returning to the pre-SAFETEA-LU structure where all transit capital accounts were jointly funded between the trust fund and general fund would help alleviate this stress currently burdening the base program, while doing no harm to the highway program.

That said, any funding made available for either highways or transit through a new infrastructure initiative should surely be focused on allowing agencies to expand beyond their current capital plans and either tackle long deferred maintenance, take on new expansion projects or deliver their planned expansions more quickly to the taxpayer. New funding must not just serve as a substitute for current authorized and appropriated base levels.

<u>New Initiative Should Augment Base Funding for Transit Expansions in Rapidly Growing Megaregions – The Economy Demands It</u>

While it is important that public transit continue to grow nationwide, given the recent and expected changes in population growth and settlement patterns, any new infrastructure plan should focus transit expansion funding on the major metro areas that are so essential to our national economic health. The most recent census tells us the nation will see 70 million additional Americans by 2045. But unlike past population surges where new Americans were spread across rural and urban America, the overwhelming majority of the 70 million new Americans will be located in just 11 major urban megaregions of which the Puget Sound region is one.

It must also be recognized that these major urban megaregions will increasingly serve as the economic engine of our national prosperity. Today, in 47 out of 50 states, Metro areas produce the majority of the state's entire economic output. In 15 of those states, the majority of the state's economic output comes from a single metropolitan area (such as Seattle). In 16 of those states (e.g. California, Texas) just two metro areas account for more than half of the state's GDP. That trend is likely to only accelerate in the future.

In our region alone, we are expecting a million more citizens by 2040, 80 percent of whom will be located within the Sound Transit taxing district. A million more citizens in our region means taking the entire population of Seattle and the entire population of Tacoma and dropping it on top of the density and congestion that we already have.

And the congestion we already have is bad and getting worse. Congestion in the Puget Sound region has almost doubled in just the last five years. And congestion on I-5, our principal highway connector between our major urban centers of Everett, Lynnwood, Seattle, Federal Way and Tacoma, has worsened by 128 percent over that same time period.

In the state of Washington, there is widespread recognition that deteriorating mobility in our major metropolitan areas has a deleterious impact on the entire state's economy, including manufacturing centers and agricultural communities in other parts of the state. Trucks seeking to move crops and manufactured goods to or from the Asian gateway ports of Seattle and Tacoma must inevitably travel through the dense highways of our taxing district where we are working aggressively to get cars off the road and out of the way.

Any new infrastructure initiative, given the population surges we are expecting in our most productive regions, must recognize the importance of expanded transit networks within them.

<u>New Initiative Should Reward Self-Help and "Overmatch" by States and Localities</u>

One area where we do believe the Administration may be on the right track is in highlighting the importance of states and localities providing robust matching funds to access new Federal dollars above the base level of funding. In our capital plan for the projects approved by our voters, the federal share of our major expansion projects is about 16 percent. We have already undertaken two light rail expansion projects with zero FTA Capital Investment Grant dollars.

Most recently, as part of the 2016 election, the voters of our region dug deep into their pockets again and voted to increase their own taxes to greatly expand the regional transit network to get out of the worsening congestion on the Puget Sounds' streets and roads. The personal sacrifice by our region's voters was not small. The Sound Transit 3 ballot measure called on the median voter to increase their own taxes by $169 per year. A two parent household voted to increase their taxes well more than $300 per year on average. And that expansion of our capital plan assumed a Federal contribution of only 13 percent – because we didn't believe it was reasonable to expect the Federal contributions to grow as quickly as our own.

The same piece of legislation that authorized Sound Transit to go to the voters for approval of these transit taxes also raised the state's gas tax by just under 12 cents a gallon to address the state's many highway needs. That brought our state's gas tax to the second highest in the nation, second only to Pennsylvania. The picture here is clear. The taxpayers of Washington State have demonstrated remarkable levels of self-help to meet their surface transportation needs. Any Federal infrastructure policy should reward this level of local effort, not penalize it.

While the Administration has suggested it wants to reward states and regions that overmatch federal dollars, its budget punishes regions that have already done just that. We at Sound Transit were deeply dismayed when the President's budget was released to see the self-sacrifice by our voters called out by the Office of Management and Budget as a reason to **terminate** Federal assistance for transit expansions. That budget document specifically called out our successful ballot measure in the Puget Sound region as well as successful ballot measures in Los Angeles and Denver as a reason why Federal funding for transit expansions wasn't necessary. In fact, all three of those ballot measures put forth capital plans to the voters that assumed the continuation of the existing Federal program to match local contributions.

In the case of Sound Transit, we are seeking roughly a 40 percent Federal share to expand our light rail network to Lynnwood and only a 25 percent Federal share to expand to Federal Way. Please know that, by comparison, Federal-aid Highway funds can and most often do pay for 80 percent of highway projects. By 2030, once we complete the voter approved projects that expand our light rail network to Lynnwood and Federal Way, as well as Bellevue and Northgate (the two expansions currently under construction without Capital Investment Grant funds), our total light rail ridership is expected to be 280,000 riders every weekday. With the expansions approved last year, our weekday ridership will triple from what it is today. The overwhelming majority of those riders will represent passengers we are taking off of either I-5 or I-90 – two of the busiest interstate trucking highways and international trade corridors in the United States. As such, we vociferously reject representations from the Office of Management and Budget that these investments are somehow only local in nature and don't benefit interstate mobility, international trade or our national economy.

It is our hope that the Administration's stated support for states and municipalities that engage in extensive self-help will translate into a new infrastructure initiative that rewards large local contributions, no matter what mode of travel the communities have chosen to finance themselves.

Environmental Streamlining Efforts Should Progress and Expand – With Care

Transit investments that give commuters options to get out of their cars are inherently environmentally beneficial. The sooner transit agencies like us can get shovels in the ground and deploy a new rail segment or bus rapid transit line, the sooner our community will enjoy the environmental benefits. For this reason, we are supportive of efforts to streamline the Federal Environmental process.

That said, these efforts must be done thoughtfully and with great respect for the core environmental protections guaranteed in Federal law. In the Pacific Northwest, the economic health of the region and our quality of life go hand-in-hand with the protection of our environment. And we have no interest in advancing transportation improvements at the expense of the environment.

Moreover, the environmental process is an important one through which we consult with impacted communities to arrive at consensus around projects we will build. We have work to do to arrive at that consensus more quickly but those conversations and negotiations must be held locally. They can't and shouldn't be shunted aside through national legislation.

Both MAP-21 and the FAST Act included thoughtful environmental streamlining measures and this Committee should insist that they be implemented promptly. One provision in the FAST Act provides the opportunity for project sponsors to finance the augmentation of Federal agency staff to handle the workload necessary to process their environmental approvals. We at Sound Transit are already seeking to utilize this authority. We have used similar authorities in years past that were specific to the FTA.

Streamlining the environmental review process by improving federal reviews should not mean short circuiting the process. Putting an artificial timeline on these reviews could actually end up delaying projects. Both President Trump and Secretary Chao have spoken of the goal of reducing the time needed for major multi-year environmental reviews to one or two years. If the effort to meet these timelines results in cursory or cavalier reviews, the result may be lengthy litigation delays. We only have to look as far as Suburban Maryland, where the Purple Line was delayed for over a year by an environmental lawsuit, to see how litigation can slow down a project.

Should we do everything we can to speed up this process – absolutely! Especially for projects that are inherently environmentally beneficial. But please know that the Federal agencies will do us no favor if hastily produced documents give project opponents an opening to delay the project in the courts. As this Subcommittee knows, these opponents sometimes care little for the environment. They are frequently using the environmental process as a cover for NIMBY-ism or to extract concessions from project sponsors.

In fact, a great many of these lawsuits are brought by parties who don't care one whit for the environment. They often come from parties who want to extract something from the project sponsor. They either want you to avoid their property or purchase their property or purchase their property for more than its worth. They may, in fact, want changes to the project that will be less, not more, beneficial for the environment. In some cases, plaintiffs will use the environmental process to slow or kill a project because it is their best and last legal shot at thwarting the will of the voters or reversing the plans of local municipal governments. And that is why it is imperative that the environmental documents produced and overseen by the Federal agencies are thorough and complete.

In addition to procedural changes to streamline the environmental process, the federal government needs to pay attention to its own capabilities to conduct reviews. Toward that end I would encourage the Subcommittee to pay close attention to the adequacy of staffing levels both at the modal Administrations at the DOT and at the natural resource agencies integral to the necessary approval and permitting process to move these projects forward. These include:

- The Environmental Protection Agency
- The Army Corps of Engineers
- NOAA Fisheries
- The Fish and Wildlife Service
- The National Forest Service
- The National Park Service

A cornerstone of a successful environmental streamlining effort is bringing all Federal agencies involved in the process to the table at the earliest possible opportunity to chart a path to completing the necessary approvals. It is just not reasonable to expect that these agencies can endure continuing staffing cuts and simultaneously expedite environmental approval and permitting in a thorough manner.

Similarly, our efforts to advance major transit expansions with Federal partnership involve a lengthy, meritocratic, and risk-based review and approval process with the Federal Transit Administration. Here again, we have processes that could be streamlined. But it is equally imperative that the FTA have adequate staff both in Headquarters and the Regions to participate fully in the process and review all documentation in a timely way to enable transit agencies to get environmentally beneficial projects under construction.

We are pleased that the Administration plans to continue to advance the Federal permitting dashboard that was launched by the Obama Administration to expedite the process. Sound Transit's Lynnwood Link Extension and our Federal Way Extension both have been included on the dashboard, and we appreciate the cooperation of all the participating agencies in moving the projects forward.

Sound Transit is following up on this model by launching our own regional dashboard to monitor and hopefully expedite the actions by our local municipalities from which we must obtain permits. That is another important factor for the subcommittee to be aware. Not all the action allowing us to get shovels in the ground rests with the Federal government. Please know that for a great many Federally-funded projects, State environmental compliance and local permitting processes are important factors in our progress.

Public Private Partnerships Should Have a Role – But Not a Preferential One

At Sound Transit, we agree with a great many of our transit and highway partners across the nation that Public-Private Partnerships, or "P3s", can provide value to those agencies that are positioned to benefit from them. Our agency already contracts out almost all of our bus and rail operation and maintenance activities to third parties. We also of course competitively bid out our design, engineering and construction to the private sector. And we are currently in an evaluation process as to whether P3s can be helpful to us as we tackle the many projects that are part of our capital expansion program. But it must be recognized that P3s are not a panacea that can bypass the usual hurdles that burden most capital projects.

There are many reasons why a public highway or transit agency might consider delivering a project through a P3. They may gain access to more affordable credit through a private partner. They may gain access to necessary expertise to help them deliver a particularly complex project. They may benefit from being relieved of the burden of deploying a project while they are busy with other priorities. They may succeed in passing schedule risk and revenue risk onto a private partner. But the decision to use a private partner must be left to the project sponsor. There should be no legislated leg-up that prioritizes the use of P3s over any other delivery method. If the private partners are adding real value to the project or absorbing real risk, there should be no problem demonstrating that to the project sponsor. A new initiative to address our infrastructure needs should not be a goldmine for private investors who wish to skim public money off the top while adding little to no value to the taxpayer, the highway user, or the transit commuter. Quality P3s will be able to demonstrate their value by convincing project sponsors that they are the right choice.

Boosting TIFIA – A Valuable Tool

We are encouraged by the Administration's strong support for the TIFIA program, which serves as a very valuable tool for agencies like ours with strong credit. The flexibilities that come with TIFIA enhanced borrowing provide real savings to our taxpayers at very little cost to the Federal government. Until recently, our $1.3 billion TIFIA loan for our East Link extension ranked as one of the largest loans in the TIFIA portfolio.

At this time, Sound Transit is the only agency of any kind that has secured a TIFIA Master Credit Agreement as authorized under MAP-21. This agreement has already allowed us to close on the first two loans under the agreement with two more to come in the next two years. In the aggregate, this agreement is expected to save our regional taxpayers between $200 and $300 million in borrowing costs.

I can tell you from my experience serving on the DOT Credit Council that the TIFIA program has served as an important tool to facilitate successful public private partnerships and its popularity is now demonstrating itself in the growing number of agencies that are submitting letters of interest to participate in the program. While enhanced grant assistance should be the cornerstone of any new infrastructure initiative, an enhanced TIFIA program should be part of the mix.

Securing the Workforce to Modernize our Infrastructure

We also agree with the Administration on the importance of putting the mechanisms and funding in place to boost the number of skilled craftspeople who are fully trained and ready to rebuild our infrastructure. An initiative to double the number of apprenticeships began under the Obama Administration and we are pleased to see the Trump Administration also embrace that goal. In our region, the red-hot construction market is causing a shortage of skilled labor in positions that are absolutely critical to the successful completion of our projects. These include electricians, welders, iron workers, and other skilled crafts. The cost growth that we are seeing due to labor shortages is not limited to the Puget Sound Region. I'm hearing anecdotal reports of the same challenges in other fast growing cities including Los Angeles, Denver, Dallas and Salt Lake City.

At Sound Transit, we have worked closely with our Labor partners and state and local agencies to expand the number of available apprenticeships to increase the supply of these needed craftspeople. To organize and sustain our efforts, we have formed the Regional Public Owners Collaborative. Through this and other efforts, we have worked hard to boost job training opportunities with the expansion of our capital plan, including opportunities for women and people of color. Any national infrastructure initiative should seek to do the same thing. A new infrastructure initiative in many of our cities will already be buying into a very hot construction market. To ensure the availability of skilled craftspeople, this Committee should work with other Committees of jurisdiction to make sure we have the Workforce of the 21st Century needed to build the Infrastructure of the 21st Century.

Thank you for the opportunity to appear before you today. I would be happy to answer any questions you may have.