

U.S. SENATE BUDGET COMMITTEE HEARING
How Infrastructure Investments Can Bolster North Dakota's Energy
and Agriculture Economies and the U.S. 85 Corridor

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Mr. Chairman. I am Francis Ziegler, Director of the North Dakota Department of Transportation. Thank you for the opportunity to appear before the Budget Committee today.

Today, I would like to address the following:

- Federal transportation legislative issues,
- How Infrastructure Investments can bolster North Dakota's Economy; and the
- US 85 Corridor

Federal investment in North Dakota's highways is in the national interest and it is imperative that the reauthorization of the federal highway program continue to serve the needs of rural states, allowing us to continue to meet the demands being placed on our highway network, including US 85.

That said, this year for the first time ever, the state of North Dakota was able to commit an unprecedented sum in non-matching state General Fund dollars to help build North Dakota's transportation infrastructure.

Earlier this month, we passed a \$1.35 billion landmark transportation funding bill in North Dakota. This is a comprehensive package. This legislation will fund maintenance and enhancements of the state's infrastructure, as well as grants for immediate assistance to cities, counties and townships working to address weather- and flood-related damage to their roads.

In addition to increases in our normal highway funding, which is based on the state gas tax plus federal matching funds, we have added funding that will take us from about \$903 million in the current biennium to about \$1.35 billion.

Combined with the estimated \$150 million in federal disaster aid we are pushing for, we will be devoting about \$1.5 billion to transportation, including almost \$600 million more to rebuild our roads and help cities, counties and townships recover from statewide flooding.

Federal Transportation Legislative Issues

The Highway Account of the Highway Trust Fund is projected to have a zero balance this summer. It will be highly disruptive to states if FHWA begins to delay payment of state claims to reimburse costs. As a zero balance gets closer, states will begin to curtail bid openings and work, to avoid the risk of not having funds to pay for the work. Furthermore, North Dakota already has contracts in place for which the Federal Highway Administration may not be able to provide reimbursement of funds. For the public at large, the jobs and transportation benefits of the program would be denied, or at least delayed, if the program is disrupted. We hope the Congress will pass appropriate legislation soon, so that the Trust Fund will have the resources to pay for highway work.

A multi-year highway and surface transportation authorization bill is also needed. This bill would recognize the benefits the entire nation receives from a strong Federal investment in surface transportation. Under this legislation it is important for rural states like ours to receive at least its current overall share of formula and other funds. Certainly, that result would be in the national interest.

In support of that result, we would like to emphasize a few reasons why investments in transportation infrastructure in rural states like North Dakota serve important national interests.

The Nation Benefits from Federal Transportation Investment In and Across Rural States

Federal-aid highways in our state, not just those on the National Highway System --

- serve as a bridge for truck and personal traffic between other states, advancing interstate commerce and mobility;
- enable agricultural exports and serve the nation's ethanol production and energy extraction industries, which are located largely in rural areas;
- are a lifeline for remotely located and economically challenged citizens, such as those living on tribal reservations;
- enable people and business to traverse the vast tracts of sparsely populated land that are a major characteristic of the western United States; and
- provide access to scenic wonders and facilitate tourism.

In addition, the scope of the Federal-aid system, extending beyond the NHS, enables enhanced investment to address safety needs on rural routes.

Further, Federal investment in rural transit helps ensure personal mobility, especially for senior citizens and the people with disabilities, connecting them to necessary services. Federal public transportation programs, both transit and Amtrak, must continue to include funding for rural states and not focus entirely on large metropolitan areas.

Let me amplify a few of these points.

Bridge States Serve a National Connectivity Interest for People and Business

Highway transportation between our country's major metropolitan areas is simply not possible without excellent roads that bridge those vast distances. This connectivity benefits the citizens of our nation's large metro areas because air or rail frequently will not be the best option for moving people or goods across the country. The many commercial trucks on our rural interstate highways demonstrate every day that people and businesses in the major metropolitan areas benefit from the nation's investment in highways in rural states.

The most recent FHWA data on tonnage origins and destinations shows that just over 59 percent of the truck traffic using North Dakota's highways does not either originate or terminate within the state. This is well above the national average of about 45 percent, underscoring that North Dakota serves to help connect the nation in a way that benefits other states.

Essential Service to Agriculture, Natural Resources, Energy

A significant portion of the economy in our State is based on agriculture, energy production, and natural resource extraction. In fact, the governor's economic strategic plan has identified agriculture, energy, advanced manufacturing, technology-based businesses, and tourism as growth industries, because North Dakota holds a competitive advantage in those areas. These have been the focus of much of the North Dakota's investments in economic development.

Agriculture is one sector of the economy where the United States has consistently run an international trade surplus, not a deficit. Over the last two decades roughly 30 percent of all U.S. agricultural crops were exported.

Apart from its value to the state, there is a strong national interest in ensuring that agricultural, value-added agricultural products and natural resources have the road network that is needed to deliver product to markets, particularly export markets. In 2008, North Dakota led the nation in the production of wheat, barley, canola, sunflowers, flaxseed, all dry edible beans, pinto beans, navy beans, dry edible peas, lentils, and honey. North Dakota last year was the fastest growing export state in the nation. A key part of that total road network is the roads below the National Highway System, where export crops begin their journey from point of production to destination.

North Dakota is a major contributor of energy production in the nation. Our state is currently fifth in the nation in oil production and contains a large amount of coal reserves. Good roads throughout the state are paramount to the nation becoming energy independent and providing agricultural products to feed a hungry world.

It is also worth noting that, over the last three decades, tens of thousands of rural rail branch lines have been abandoned nationwide. In North Dakota, since 1980, over 1,500 miles of railroad branch lines have been abandoned. The reduced reach of the rail network means that many areas, particularly rural areas, must rely more heavily on trucks to move goods.

With increased truck traffic in North Dakota and much of the upper Midwest, we are challenged with our ability to continue to move these products. That challenge is compounded by the necessity to impose spring load restrictions. The underlying reason for putting on spring load restrictions is inadequate roadway thickness. During the spring thaw, the ground is waterlogged and can't support a fully laden 18-wheeler on a highway of standard thickness. Many states especially those in the north, have little choice, given their current funding, but to limit the amount of weight on highways in the spring. Like congestion, load restrictions slow down commerce and add greatly to the cost of doing business. Chart #1 illustrates how many of the state's roads were affected by load restrictions this spring. Notice that because of the investments made in US Highway 85, the majority of this route was not subject to road restrictions.

Tourism Access

Without a strong road network in rural states, access to many scenic destinations would be limited. Tourism is vital to the economy of North Dakota, and in fact, is now North Dakota's second largest industry.

Funding and Financing Considerations

Rural states like North Dakota face a number of serious obstacles in preserving and improving the Federal-aid highway system within their borders. We:

- are very rural,
- are geographically large,
- have low population densities, and
- have extensive highway networks.

Our large road network has few people to support it. In North Dakota there are about 16 people per lane mile of federal aid highway. The national average is approximately 129 people per lane mile. Our per capita contribution to the Highway Trust Fund also exceeds the national average. The per capita contribution to the Highway Account of the Highway Trust Fund attributed to North Dakota is \$161 compared to the national average of \$109 per person.

These factors make it very challenging for rural states to provide, maintain, and preserve a modern transportation system that connects to the rest of the nation. Our low population and traffic densities also mean that tolls are not an answer to funding transportation needs in rural areas. For example, our budget to maintain (plow snow and seal cracks) the state transportation system is approximately \$9,200 per mile each year. It takes approximately 2,000 vehicles per mile per day to generate this amount of revenue from state motor fuel taxes. Very few state highways average 2,000 vehicles per mile per day in North Dakota.

In summary, our ability to address highway needs throughout the state depends in part on the resolution of some broader transportation legislative issues. Accordingly, we set forth today some of the many reasons why it is in the national interest for the Federal Government to continue to make substantial investments in transportation in a state like ours. A continued strong Federal funding role is appropriate.

Theodore Roosevelt Expressway (US 85 Corridor)

Transportation provides a vital link to our states' economic growth and is crucial to almost all freight movements – connecting manufacturers to retailers, farms to markets, and shippers to pipelines, railroads, airports, and seaports. For this reason the state has proceeded with a number of improvements on the Theodore Roosevelt Expressway (US 85 Corridor) that are part of the Statewide Transportation Improvement Program (STIP). See Chart 2. The Theodore Roosevelt Expressway (TRE) is vital to serving these needs in western North Dakota and beyond our borders.

The TRE is part of the Great Plains International Trade Corridor, which extends from Mexico to Canada. The TRE begins in Rapid City, S.D., and follows US 85 north to Williston, N.D., and continues west along US 2 to Montana Highway 16 and proceeds north to the Port of Raymond at the Montana/Canada border.

The State of North Dakota and the Theodore Roosevelt Expressway coalition are sponsoring a corridor study on the 197 miles of the TRE located in North Dakota.

The overall general objective of this study is to prepare a TRE Corridor Master Plan. The study is planned to be conducted in three phases.

- **Phase 1:** Identify current and projected needs within the corridor;
- **Phase 2 (if necessary):** Develop preliminary corridor improvement alternatives;
- **Phase 3 (if necessary):** Refine preferred alternatives and prepare required environmental documents.

Kadmas, Lee & Jackson and Ulteig Engineers have been selected to conduct the study. Phase 1 of the study is currently underway. Public input meetings have been held in Bowman, Belfield, Watford City, and Williston.

Some of the main topics that have been brought up at the meetings are:

- Interest in making improvements such as widening shoulders, lowering hills and adding turning lanes.
- Concern about changes to US 85 that could result in communities being bypassed and traffic not stopping at their businesses.
- Residents living along roadway concerned about losing land to the right of way.
- Surprise that car and truck traffic volumes aren't larger. Traffic on some segments has grown, while traffic volumes on other segments have decreased.
- Improvements don't need to be the same for the entire corridor.

Phase 1 of the study is scheduled to be completed in May of 2010. As each phase of the study is completed a determination will be made if it is necessary to proceed with the next phase.

Moving forward, we feel that federal funding for a substantial expansion of Highway 85 needs to be an enhanced appropriation, rather than an earmark within the state's normal federal highway

allocation. Such earmarks, worthy as they may be, often divert funding from other important investments across the state.

We regard this as an important initiative, with potential benefits for North Dakota's economy, and we will work with the coalition, as well as community leaders in the cities along the route and our neighboring states to advance the project in a reasonable timeframe.

Conclusion

In conclusion, we consider it essential that the Congress, through the reauthorization process, recognize that significantly increased federal investment in highways and surface transportation in rural states is, and will remain, important to the national interest. The citizens and businesses of our nation's more populated areas, not just residents of rural America, benefit from a good transportation network in and across rural states like North Dakota. With such legislation, we will be better equipped to address our statewide needs, which includes the US 85 corridor.

That concludes my testimony. I'd be happy to respond to any questions you may have.