

U.S. SENATE BUDGET COMMITTEE HEARING
How Infrastructure Investments Can Foster Economic Development
and the Agriculture Economy: US 52

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Jamestown, North Dakota
July 2, 2009

Mr. Chairman:

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

US 52 is an important highway for moving people and commodities in North Dakota and is part of the National Highway System. However, before discussing US 52, I would like to address some important broader transportation issues, including Federal legislation. Specifically, I want to discuss:

- The solvency of the Highway Account of the Highway Trust Fund and continuity of the highway program in North Dakota and the Nation;
- That rural States like North Dakota must participate at least proportionately in any future growth of the Federal highway and transportation program;
- Additional issues with reauthorization legislation; and
- The importance of the US 52 Corridor in supporting North Dakota's economy.

I cannot stress enough that Federal investment in North Dakota's highways is in the national interest. It is imperative that legislation reauthorizing the federal highway program continues to serve the needs of rural states, allowing us to continue to meet the demands being placed on our highway network, including US 52.

Here is some background on what we are doing here in the state to improve transportation.

This year, for the first time ever, the State of North Dakota committed an unprecedented sum in non-matching state General Fund dollars to help strengthen North Dakota's transportation infrastructure. Governor Hoeven recently signed into law a landmark \$1.35 billion transportation funding bill. This is a comprehensive package for North Dakota. This legislation will fund maintenance and enhancements of the state's infrastructure, as well as provide immediate assistance to cities, counties and townships working to address weather and flood related damage to their roads.

In addition to increases in traditional highway funding, which is based on the state motor fuel tax and vehicle registration fees, funding was added 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 about \$1.5 billion in state and

federal funding will be devoted to transportation. This includes almost \$600 million more to rebuild our roads and help cities, counties and townships recover from statewide flooding.

While the state is doing its share, Federal investment in transportation is critically important. Let me turn now to Federal issues.

Ensure Highway Trust Fund Solvency and Program Continuity

The Highway Account of the Highway Trust Fund is projected to reach a zero balance this summer, possibly in August. 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. Compounding the situation, North Dakota, like other states, already has contracts in place for which the Federal Highway Administration may not be able to provide reimbursement of funds. This would create a financial crisis for the NDDOT. 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.

Therefore, we hope the Congress will pass appropriate legislation in July, so that the Trust Fund will have the resources to pay for highway work this summer under current funding levels. USDOT and AASHTO estimates are that \$5 to \$8 billion must be added to the Highway Account to finish FY 2009 at current funding levels and that an additional \$8 to \$10 billion is needed to continue current program levels through FY 2010. This is needed just to continue programs at current levels, avoid disruption to the program, and avoid job losses and cutbacks in construction.

Secretary of Transportation Ray LaHood recently proposed that solving the Highway Trust Fund shortfall be combined with a highway program extension of 18 months and enactment of some reforms. He asked for “making better use of cost-benefit analysis investment decisions, creating a new program to improve the movement of people and goods in metropolitan areas, and promoting livable communities.” We are concerned that benefits will be incorrectly equated to high volumes, which would result in a shift of funding away from states like North Dakota with lower traffic volumes. We are also concerned that the undefined concept of livability could result in increased regulation or reduced discretion for a state to focus investments where they are most needed. We are pleased that the Chairman of the Environmental and Public Works Committee has responded by saying that reforms will not be part of short-term extension legislation to ensure that the Highway Trust Fund is solvent.

We believe legislation to replenish the Highway Trust Fund and provide an extension to ensure program continuity while Congress works on long-term legislation should not be combined with reforms.

The Next Highway and Transportation Authorization Bill Must Provide at Least Proportionate Funding Growth for Rural States Like North Dakota

A multi-year highway and surface transportation authorization bill is also needed. There is a

broad consensus, at least in the transportation community, that increased investment would serve the national interest. In March 2009, the American Association of Transportation Officials (AASHTO) testified before the U.S. House of Representative Committee on the Budget proposing a \$375 billion program for the six-year period 2010-2015 and \$93 billion for transit.

Many ideas have been advanced in recent years and Congress is now starting to shape such legislation. Certainly our department and others from rural states have clearly stated to Congress and various Commissions that **this next authorization bill must provide a rural state like North Dakota at least its current overall share of Federal formula and other funds.** Certainly, that result would be in the national interest.

It is not a foregone conclusion that Congress will agree to provide such support to ours and similar states.

For example, we are concerned about the legislation under development in the House authorizing committee. While legislation with specific funding levels has not yet been introduced, Committee leaders have outlined their proposal. It apparently calls for an increase in Federal highway program authorizations from the Highway Trust Fund of about \$110 billion over the next 6 years compared to the last 6 years (\$337 billion compared to \$227 billion).

Yet, the bill is said to ensure that at least \$50 billion of that \$110 billion is reserved for a new program **only** for metro areas with a population of 500,000 or more. We understand that congestion is an issue in many cities. But, we disagree with committing so much new money to a program that will benefit only large metropolitan areas. There is also a program where at least \$25 billion is reserved for large nationally significant projects to be picked by USDOT. Those projects would have to be at least \$500 million or 75 percent of a state's apportionment. In North Dakota, that means a single project of more than \$150 million would be needed just to be able to apply for these discretionary funds.

In addition, the bill proposes an infrastructure bank, probably supported from outside the Trust Fund. We are not certain how much funding will be committed to the bank's activities but we do foresee these funds as not accessible to rural states like ours.

So, we see a minimum of \$75 billion of the \$110 billion in additional trust fund authorizations for highways dedicated to programs that are not available to our state in any practical way. In addition, large non-trust funded programs for rail and an infrastructure bank are geared for other parts of the country.

The bill would also provide an increased share of its overall funding to transit, relative to highways. North Dakota's share of Federal transit dollars is far less than its share of highway dollars.

In short, even without knowing the details of any proposed formula changes, we see the emergence of structural changes in the highway program that would emphasize new outside the formula programs that address urban issues. This approach will dramatically reduce our state's share of the overall program. So, while details of this bill are not set we currently expect that the

House legislation would provide North Dakota with a reduced share of the transportation bill's programs compared to current law, perhaps a considerably reduced share. We will appreciate your efforts, Mr. Chairman, to avoid any such result in the final legislation.

In addition to preserving our share of overall funding, I would like to address some issues that concern us that are being proposed through the reauthorization process.

- Additional planning, reporting requirements, and federal oversight. The current highway and transportation program is complex. We would like to see processes streamlined so we can deliver projects more efficiently. We see proposals for additional requirements as counterproductive. It takes three to four years to complete a project that requires full environmental process clearance. Additional rules and regulations will add time to this process and add additional costs to projects.
- Tying climate change to transportation legislation. Both the climate change legislation that passed the House of Representatives last week and legislation reported by the House Highways and Transit Subcommittee last week would require all states to develop targets to reduce transportation-related greenhouse gas (GHG) emissions. States will be required to make efforts to increase transit ridership, walking, and bicycling. While we in North Dakota have made great strides in this area, our state is very rural in nature and there is only so much we can do to promote walking and bicycling. Performance measures will be required, and in some versions states not meeting targets could have funds withheld. There are several proposals with new planning requirements that would compel states to reduce greenhouse gas emissions. These may be viable options in metropolitan areas, but due to our low population density they are not realistic options for rural states that do not have air quality issues. We would like to ensure that the administration of the statute does not force a state like ours to undertake unrealistic efforts to reduce transportation-related GHG emissions.
- National performance standards and targets. Performance measures are important, and the state of North Dakota uses them in our project selection process. However, we are concerned that national performance measures will not fit all states' needs and may result in a disproportionate amount of funding to be diverted from rural states like ours. We believe that national performance standards should be general in nature and that each state should be allowed to establish its own specific standards.

We face both funding and regulatory challenges in this legislation. We ask that you will continue working to ensure that rural states like North Dakota receive at least their current share of transportation dollars through the reauthorization process without undue regulatory burdens.

Let me turn now to reasons why the authorization legislation should continue to provide rural states like ours with at least their current share of the highway and surface transportation programs.

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, Governor Hoeven'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 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 loaded 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. Attachment1 illustrates how many of the state's roads were affected by load restrictions this spring. US 52 did not have load restrictions on its route.

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 rural state like ours.

US 52 Corridor

Transportation provides a vital link to our states' economic growth and is crucial to many freight movements –connecting manufacturers to retailers, farms to markets, and shippers to railroads, airports, and seaports. Transportation infrastructure plays a key role in supporting the growing needs of the business industry and traveling public. The US 52 Corridor is important in serving these needs in the northwest and central part of North Dakota. In addition, the corridor also plays an essential role in supporting international trade with the Canadian provinces of Saskatchewan and Manitoba. These two provinces have the fastest growing economies in Canada.

The NDDOT has recognized the importance of the US 52 Corridor (252 miles) running from Jamestown northwest to the Canadian border. From 1994 to 2008 approximately \$143 million (\$10 million per year) was invested in preserving and improving this corridor. Some of the major improvements include:

- Numerous projects (including truck climbing and turning lanes, reconstruction and overlays) on the corridor from the Canadian border to Minot to improve safety and load carrying capacity.
- In the late 90s there were major improvements to the segment from Fessenden to Carrington to improve load carrying capacity. With these improvements the entire corridor is capable of carrying 105,500 lb. loads with the proper axle configurations.
- In the late 90s four miles of four-laning was completed southeast of Minot with major reconstruction continuing on to the county line.
- In 2002, a truck bypass around Jamestown was constructed to improve traffic flow, safety, and alleviate truck traffic through the city of Jamestown.

In 2009, there are three projects scheduled along the corridor costing approximately \$4.1 million. In addition, there are about \$8 million worth of projects scheduled for the years 2010 – 2012, as shown in Attachment 2. Based on distress scores, rutting, and ride data collected by the NDDOT the overall condition of the corridor is very good, with the exception of two locations. The data shows that the segment from Burlington to Minot is in poor condition. However, there is a thin lift overlay project scheduled on this segment in 2010, which will improve the overall condition ratings. This \$2.1 million project will be funded with money North Dakota received from the American Recovery and Reinvestment Act (ARRA) of 2009. The segment of the corridor running from Fessenden south to the junction of ND 200 shows some distress and lower ride quality. A thin lift overlay is scheduled for 2009, which will improve this segment of roadway.

Total traffic volume on the corridor ranges from just over 1200 vehicles per day near the Canadian border to just over 3,000 vehicles near Velva. Most of the corridor carries about 500 trucks per day. The largest truck volumes, up to 700 vehicles per day, are on the segment between Jamestown and Carrington. Attachment 3 shows the total traffic and truck volumes along the US 52 Corridor. Attachment 4 provides a graphic comparison of total traffic on the major corridors in the state.

Truckers proceeding south on the US 52 bypass around Jamestown must travel on I-94, which has an 80,000 pound load limit subject to certain exceptions. To enhance the movement of commodities state legislation was passed allowing truckers to purchase single trip or annual permits to carry loads up to 105,500 pounds on I-94. That state legislation is within an exception allowed by Federal law but, without permits, trucks over 80,000 pounds cannot travel on I-94.

We feel that federal funding for a substantial expansion of the US 52 Corridor 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.

It is essential to preserve and improve our transportation system to ensure that it meets present and future demands. We will continue to monitor traffic, roadway conditions, and safety concerns along the US 52 Corridor to ensure the safe movement of people and commodities.

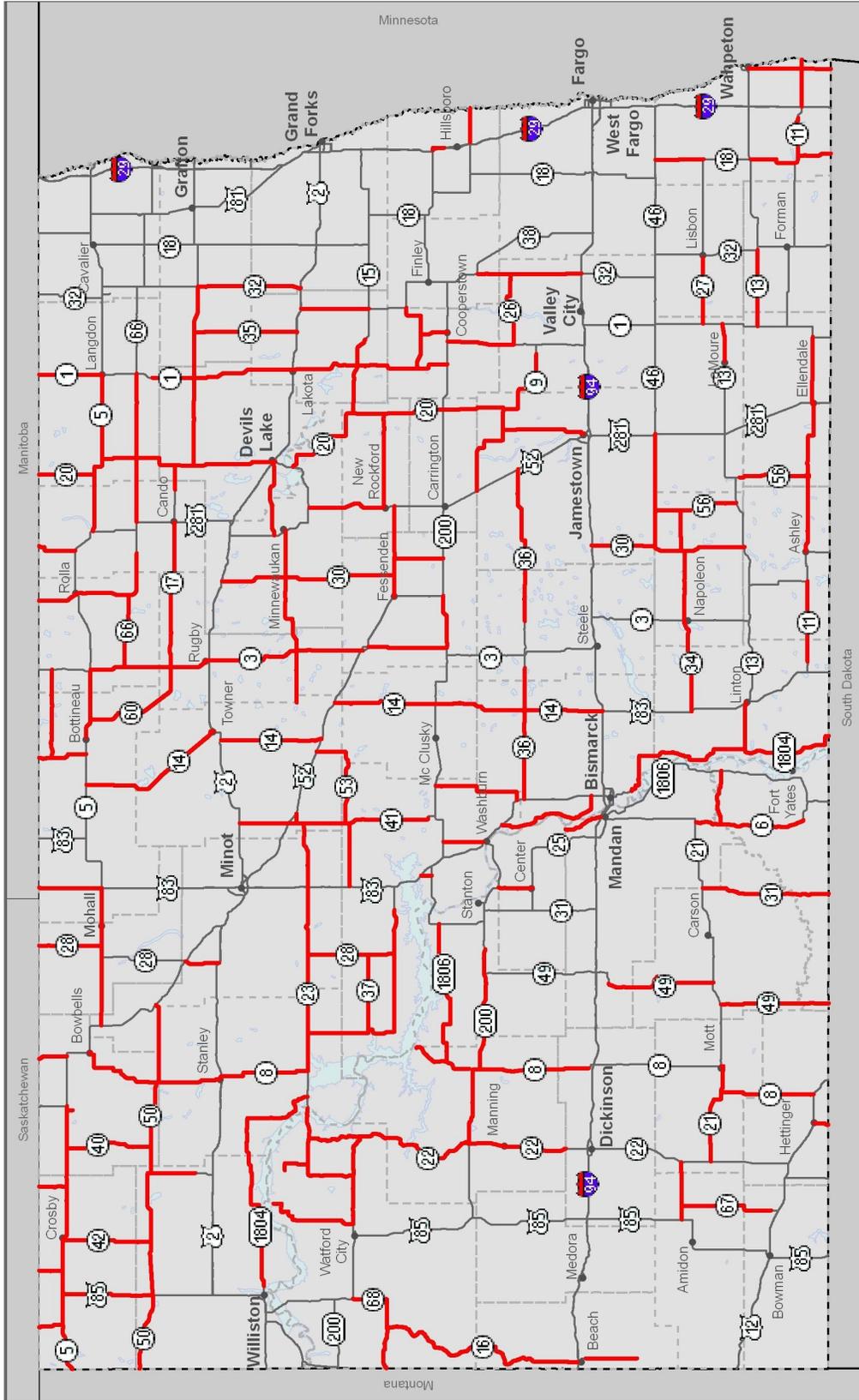
Conclusion

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, preserving program share for states like North Dakota, we will be better equipped to address our statewide needs, which include needs on US 52.

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

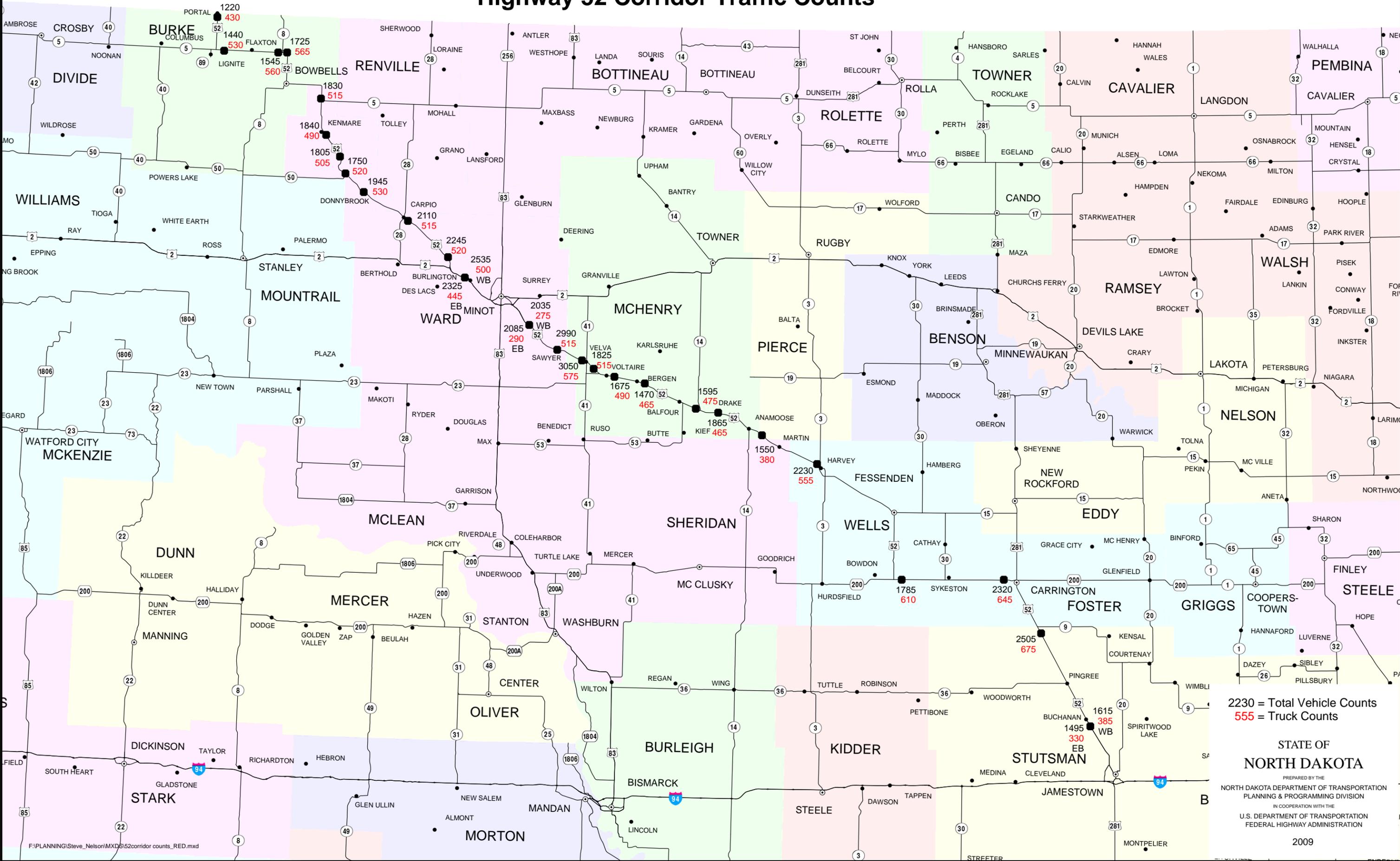
CHART 1

North Dakota Highways with Spring Load Restrictions



— Highways requiring spring load restrictions

Highway 52 Corridor Traffic Counts



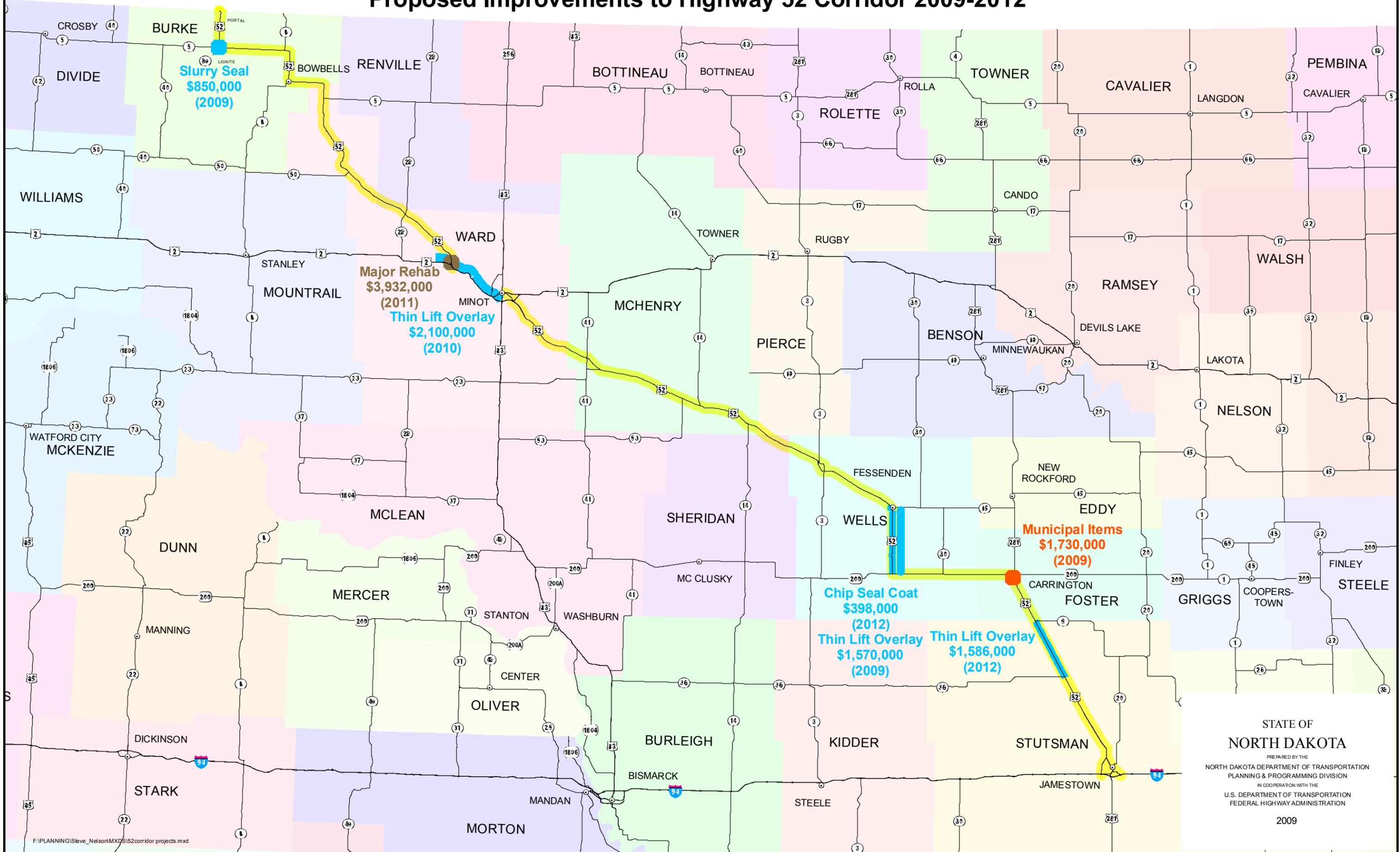
2230 = Total Vehicle Counts
 555 = Truck Counts

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 NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
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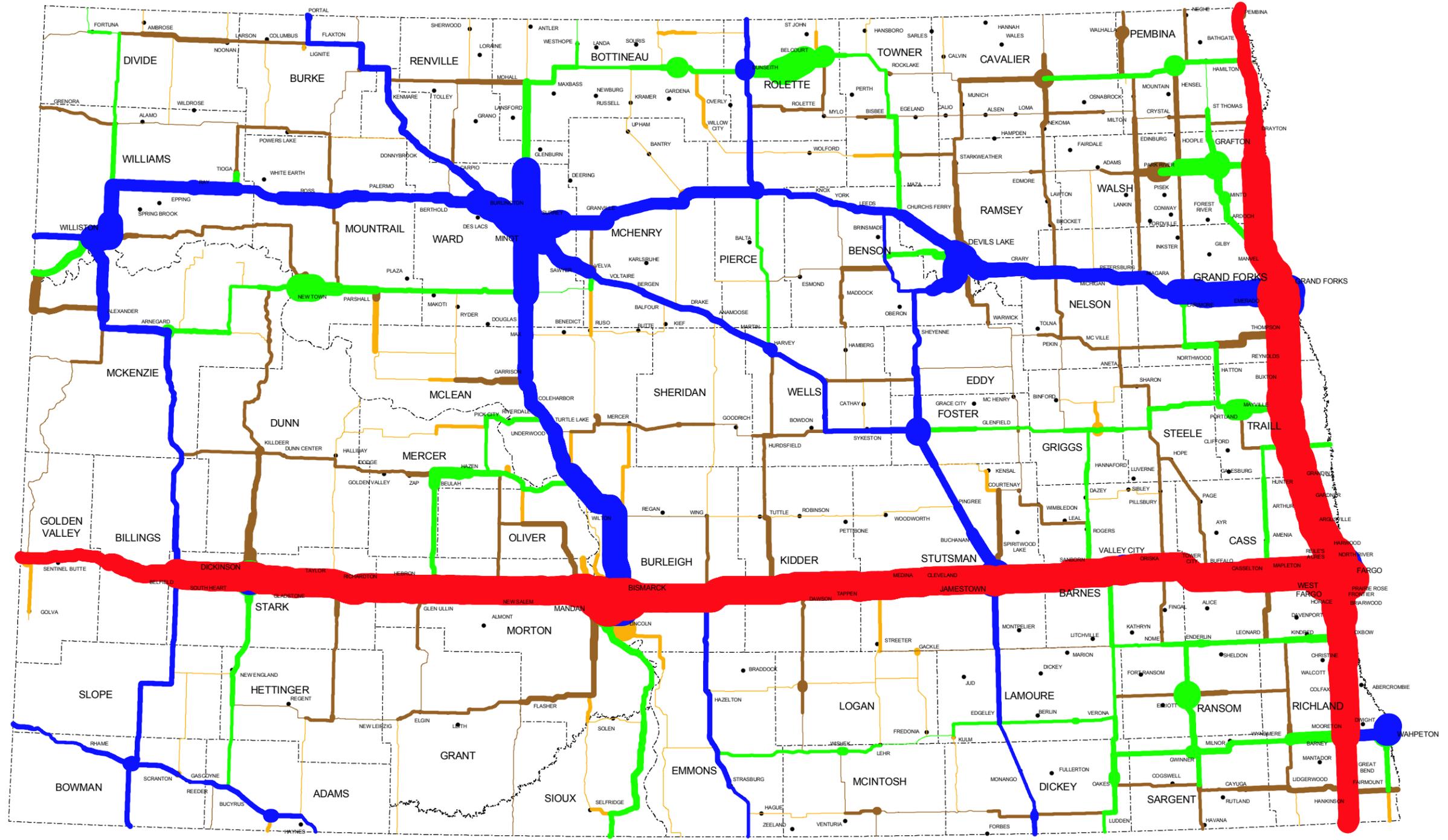
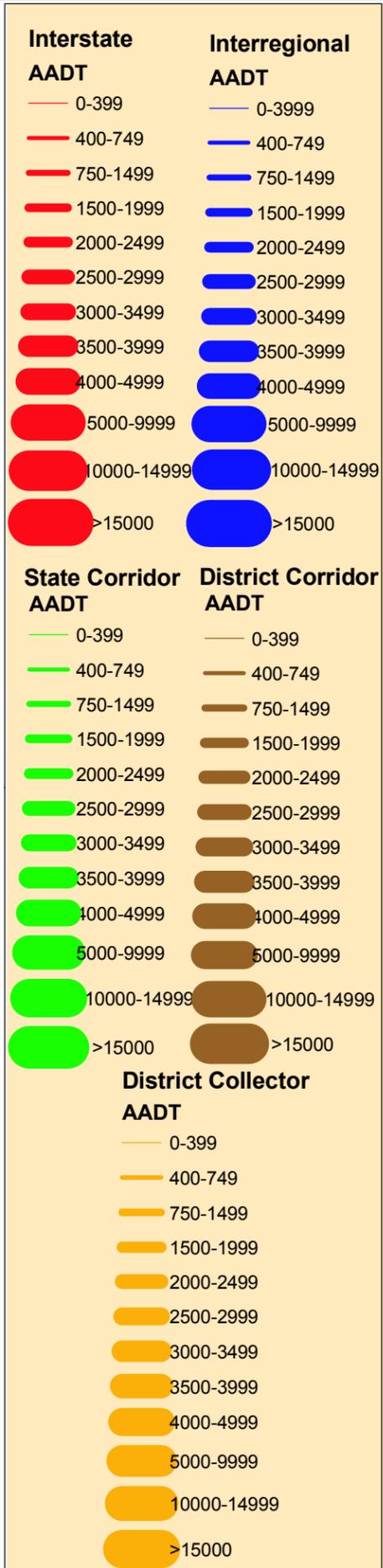
Proposed Improvements to Highway 52 Corridor 2009-2012



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 2009

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Average Annual Daily Traffic (Published 2008/09) Based on Available Traffic Count Rotation Data



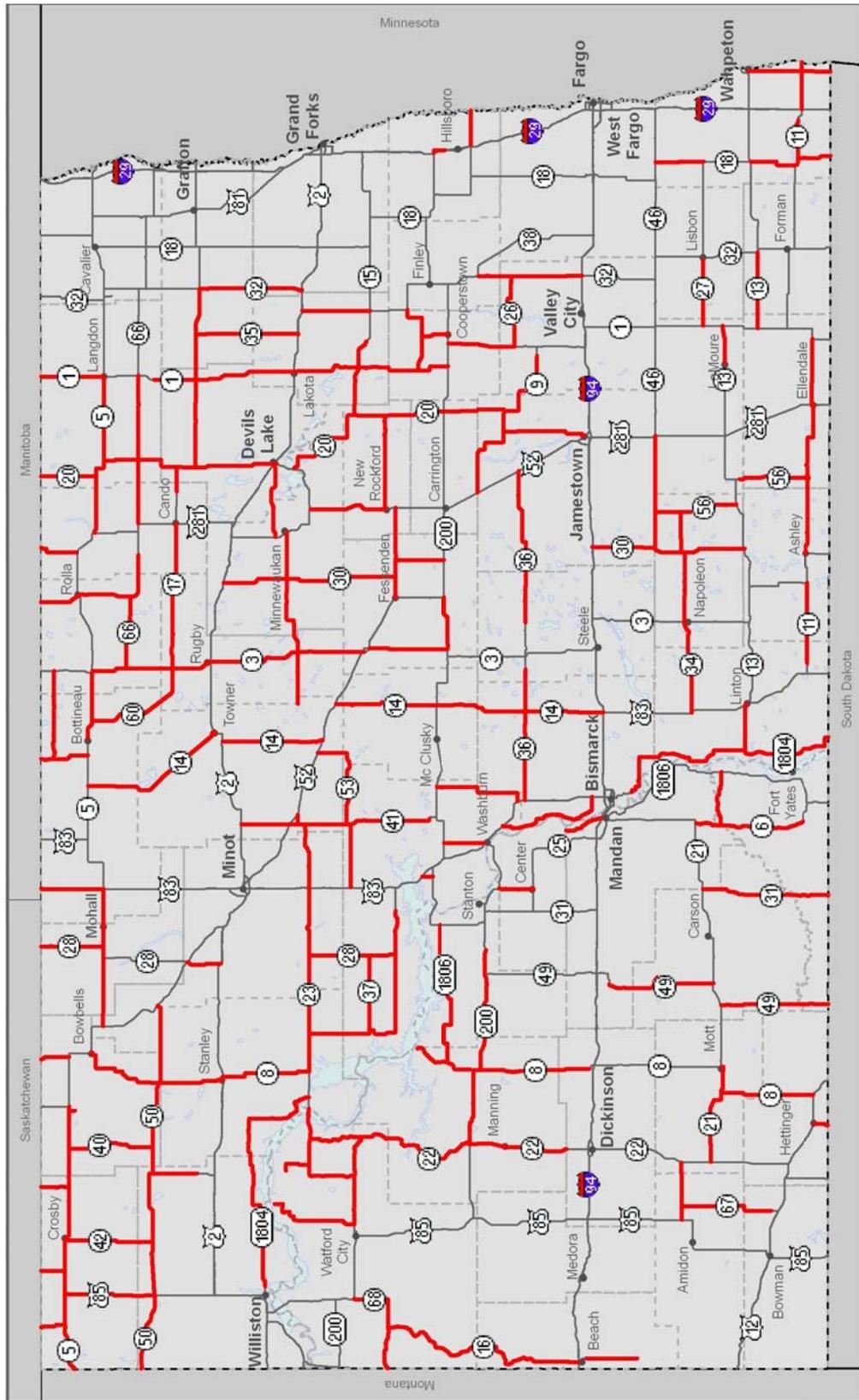
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01/20/2009

North Dakota Highways with Spring Load Restrictions



- Highways requiring spring load restrictions