Testimony of Commissioner Jeffrey A. Parker
Appropriations Committee
Fiscal Year 2012 – Fiscal Year 2013 Operating Budget
February 25, 2011, 4:00 p.m.
Legislative Office Building, Hearing Room 2D

Good afternoon Chairwoman Harp, Chairwoman Walker, and members of the Committee. I am Jeffrey A. Parker, Interim Commissioner of the Department of Transportation. I am pleased to appear before you today to discuss Governor Dannel P. Malloy's recommended biennial operating budget for the Department of Transportation. The Department has made great strides in moving to an organization which is focused on results, performance and transparency. There is still much to do, but we are committed to delivering a transportation system and infrastructure that the citizens of Connecticut expect and deserve.

Governor Malloy's budget is an investment in our transportation infrastructure – our roads, bridges, ports, airports, buses, ferries, and trains are essential to the economic well-being of our state and our nation and the connection of this investment to create jobs.

Governor Malloy has recommended Special Transportation Fund appropriations of $602 million for fiscal year 2012 and $603 million for fiscal year 2013. In addition, the Governor's recommended Capital Program includes new Special Tax Obligation Bond Authorizations of $597.3 million in fiscal year 2012 and $540.2 million in fiscal year 2013. It is estimated that with these resources, the Department will leverage $1.2 billion in federal funds. It is important to note that we continue to face fiscal uncertainty at the federal level, and it is vital that Connecticut's commitment to transportation remain strong. The Department has moved to a new and precedent-setting five-year constrained capital plan. The plan established clear priorities for allocating limited financial resources to a long list of important, but competing, capital needs. This investment will enable the Department to address more projects, coupled with our improved project management and financial practices that are delivering more projects on-time and on-budget. More importantly, these capital projects will enable the Department to create jobs while continuing to preserve the infrastructure during the next biennium.

The Governor's budget proposes a significant increase in Pay-As-You-Go funding for transportation projects with an investment of $27.7 million in fiscal year 2012 and $22.6 million in fiscal year 2013. This is vital for the Department, as it will enable the Department to undertake preservation and repair initiatives which are not eligible for state 20 year bonding, but are eligible for federal funds. These minor projects are vital to maintaining a state of good repair, reducing long term costs, and extending the useful life of our transportation infrastructure. One example of how these funds will be instrumental is in the acceleration of addressing a backlog of approximately 2,000 Bridge Maintenance Memos with approximately 3,500 tasks which have accumulated over the years as the needs far outstripped available Pay-As-You-Go funding. A typical year has approximately 500 outstanding BMMs carried over to the next year. However, due to insufficient PAY-As You-Go state funding, more stringent federal guidelines, and increased bridge inspection frequency over the past 6 years, this backlog has grown to an unacceptable level. These funds will be used to expand contract services to stem the increase in the backlog and if these levels were to be maintained we would expect the trend to be reversed. Other safety related items will also be addressed with these funds such as: removal of hazardous trees, pavement markings, highway signing, guide rail systems and drainage improvements.

See the Attached for an illustration of the savings and the positive impact that a pavement preservation program has over a thirty year time period. Not only will the proactive approach produce savings of approximately 27%, the pavement quality during the preservation period will keep our roads in excellent to good condition compared with good to fair on the just fix it when its broken approach. The investment that Governor Malloy is a significant first step to implementing a larger program. The Department has studied and documented the cost of a desirable pavement preservation investment level. While the Governor's proposal would not achieve that level it takes us further then we have ever been

Increased funding in the Highway and Bridge Renewal-Equipment account will enable the Department to replace an additional 26 trucks in an effort to upgrade an aging fleet, and ultimately reduce costly repairs, as well as keeping more trucks on the road during snowstorms. As of July 1, 2011, one-third of its 632 truck fleet will be beyond its useful life. As these vehicles age, they becomes more costly to maintain, as well as compromising the Department's ability to serve the citizens of Connecticut.

The Governor's budget also calls for the return of $30,000,000 for Town-Aid Road Grants to the Special Transportation Fund. In the current biennium, these grants were funded by General Obligation and Special Tax Obligation bonds.

Maintaining existing rail and transit services is a key element of the Department's operating budget. Funding for these services has been the fastest growing element of the Department's budget; however, these programs serve the mobility needs of over 75 million passengers annually. The Department will continue to work with service operators to control expenses, minimize required deficit payments, and constrain future increases in the bus and rail appropriations. The Governor's proposed budget does not call for fare increases to support bus and rail operations, and delays the implementation of a 1.25 percent rail fare increase until January 1, 2012, and a 1 percent increase on January 1, 2013. This already legislated increase to support the M-8 cars will reduce the amount of subsidy required for the New Haven Line by providing additional revenue and reducing the fare differential that currently exists between Metro North Railroad and the Department.

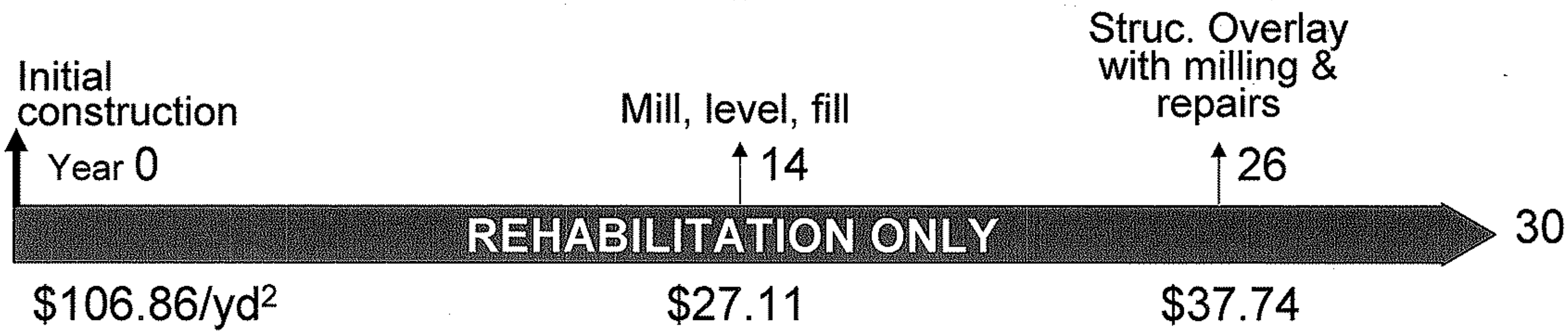
The budget also calls for the capping of the Capital Demand Response Grants at $3 million for towns and Capital Grant for Bus Operations for transit districts at $1 million. These are tough decisions, but necessary given the financial outlook of the State.

I hope we can continue to work with you to maintain and improve the transportation system that the citizens of Connecticut deserve.

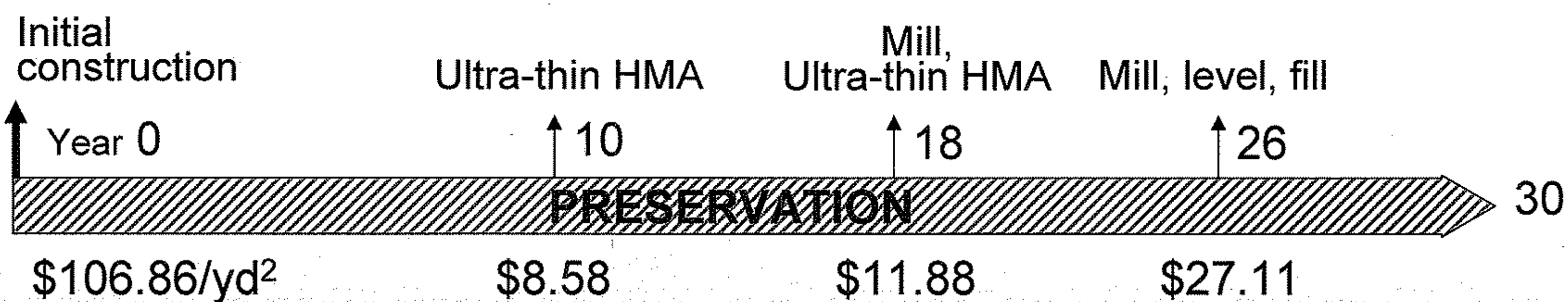
I will be pleased to respond to any of your questions.

Pavement Preservation over Life Cycle

Initial Construction: 4” HMA S0.5 on 5” HMA S1 on 10” Subbase, 30 year design



4% Discount, NPV = $136.31. PV of Cost after Construction = $29.27/yd^2$



4% Discount, NPV = $128.30. PV of Cost after Construction = $21.24/yd^2$

AFTER CONSTRUCTION, PRESERVATION IS 27% LESS EXPENSIVE

Cost data: 2009 yd2 unit costs for pavement items (compiled from project bids and Cost Estimating guidance in February 2010.)

Data current as of: 2009 Construction Season - Graph: Pavement Management Unit, May 2010